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Competition for Connectivity in Central Asia: India, China, Russia and the EU

Sadananda Mallik* & Manasi Singh**

Abstract

The term 'connectivity' has come under the spotlight in international politics. Its growing salience can be measured through numerous connectivity projects across the world, as major powers are trying to expand their geostrategic reach to relatively untapped regions. In this context, the Eurasian region has emerged as a hotspot for geopolitical competition, given its vast stretch from Eastern Europe to Central Asia region. Located in the Heart of Eurasia, Central Asia for long has remained least connected owing to its rugged mountainous terrain. However, its rich energy and mineral reserves have attracted the interests of regional players like China, Russia, the European Union, and India who are pushing their respective connectivity strategies to make way for easy access to the region. The article looks at the major connectivity-related initiatives in the region such as China's Belt and Road Initiative (BRI), India's International North-South Transport Corridor (INSTC), Russia's Eurasian Economic Union (EAEU) and Greater Eurasian Partnership and EU's Central Asia Strategy 2019. It analyses the strategic objectives of these actors, prospects of cooperation, and constraints toward greater connectivity in the region.

Keywords

Connectivity, Central Asia, BRI, INSTC, Russia, India, China, EU

Importance of Connectivity in the Heart of Eurasia

Central Asia constitutes a vital strategic location and transit point connecting the markets of Europe to East Asia and the newly emerging markets of South Asia to West Asia. Russia lies towards its north and Pakistan towards the south, China in the east, and the Caspian Sea in the west. During the period from 750 A.D to 1250 A.D, Central Asia was the center of the Silk Road that connected East Asia to the Middle East and Europe (Fengler & Vallely, 2019). Trade thus facilitated economic, cultural, political, and social exchange between Europe and Asia. However, by the 18th century, the region was less used for trade and transit as Europeans and Asians began exploring sea routes. British

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strategist Harold Mackinder described Central Asia as "pivot" and later described as "heartland" in the vast Eurasian landmass by which the entire continent would be controlled (Mackinder, 2004). Brzezinski described "Eurasia as a chessboard on which struggle for global primacy continues to be played" (Brzezinski, 1997: 30). Central Asia and its surrounding regions house huge reserves of oil and natural gas (See Table 1).

Table 1: Oil and gas production and consumption in the Eurasian region in 2020

Country	Total proved oil production (thousand million barrels	Oil production (Thousand barrels daily	Oil consumption	Total proved natural gas reserve (Trillion cubic meters)	Natural gas production (Billion cubic meters)	Natural gas consumption (Billion cubic meters)
Kazakhstan	30.0	1811	379	2.3	31.7	16.6
Turkmenistan	0.6	216	142	13.6	59.0	31.3
Uzbekistan	0.6	47	86	0.8	47.1	43.0
Russia	107.8	10667	3238	37.4	638.5	411.4
Azerbaijan	7.0	716	92	2.5	25.8	11.9
Iran	157.8	3084	1715	32.1	250.8	233.1

Source: BP Statistical Review of World Energy 2021

The region however remains underdeveloped in terms of energy infrastructure and transportation connections. This could largely be attributed to the geography of the region wherein all five countries are landlocked. The eastern part of the region has high mountains and the vast stretches of land pose enormous challenges for connectivity. During the Soviet period, Central Asia did not have much exchange with the outside world and largely served as a raw material supplier to Russia's industrial centers. The collapse of the Soviet empire brought severe recession, forcing the Central Asian Republics (CARs) to restructure their economies and diversify their export markets. CARs started the exploration and production of oil and gas resources in partnership with foreign companies. The region also became volatile as many ethnic conflicts erupted after the end of the Cold War. The security spillover from protracted conflict in Afghanistan in the form of violent extremism and other organized crimes has strategic implications for Central Asia. Therefore, as a potential transit point that helps smooth transportation through the land without disruption as compared to the sea route, the significance of Central Asia is becoming paramount in geostrategic calculations of important players such as China, Russia, India, and EU who are actively engaging with the region with their respective connectivity initiatives. The paper thus examines these different projects and the emerging geopolitical dynamics in Central Asia. The first section explores the renewed geoeconomics interest in the region. Subsequently, the paper discusses the connectivity approach and major initiatives of the four key players: India, China, Russia, and the EU in Central Asia. It then analyses the prospects of cooperation and competition among these four actors in the backdrop of changing regional dynamics caused by the events in Afghanistan and Ukraine.

The 'New Great Game' in Central Asia

Traditionally, Central Asia has witnessed the 'Great Game' that referred to the imperial contest between Britain and Tsarist Russia in the late 19th and early 20th century. The term was first introduced by Arthur Conolly, a British East India Company officer who used it to describe strategic rivalry and conflict between the British and Russian Empire to gain supremacy over Central Asia (Kurečić, 2010). The British wanted to stop Tsarist Russia from crossing Afghanistan, and out of fear of losing its territories in the Indian subcontinent, the British had set up a puppet regime of Shuja Shah in Afghanistan after the first Anglo-Afghan war in 1838. However, Tsarist Russia could not cross Afghanistan and a major confrontation was avoided. Today, the logic of geoeconomics has pervaded global politics. Luttwak (1990: 17) describes geoeconomics describes "methods of commerce are displacing military methods with disposable capital in lieu of military-technical advancement, and market penetration in lieu of garrisons and base". The collapse of the Soviet Union in 1991 created a new power vacuum in Central Asia and the US, China, Russia were now locked in a 'New Great Game' over the regions' abundant wealth of natural resources (Iqbal et al. 2017). With global energy demands steadily rising amidst limited reserves of oil and gas, Central Asia has became a zone of competing geopolitical and security interests of regional and extra-regional powers such as China, US, Russia, EU, India, Turkey and Iran. The region's geostrategic location has drawn major powers to boost connectivity, trade, commerce and infrastructure development. Competitive connectivity thus has become the new arms race of the twenty-first century (Khanna, 2016) and "competitive connectivity is at the core of the new Cold War" (Korybko, 2021).

Central Asia offers immense prospects as a natural resource rich region that can cater to the rising energy demands of fast-growing Asian economies like India and China and reduce their traditional dependence on Russia. But lack of connectivity and planned route poses a major hurdle in tapping the region's potential. Manmohan Singh, India's former Prime Minister had remarked:

"We need to recharge and regenerate the arteries of transport and communication that bind us together and in turn link our region to the rest of Asia to reclaim the prosperity that is undoubtedly our due. We should take the first decision to reconnect the countries of the subcontinent (South Asia) on the one hand and then reconnect the subcontinent to the larger Asia neighbourhood on the other" (Ministry of External Affairs, 2005).

According to former external affairs minister Sushma Swaraj, connectivity is part of the country's DNA "because India is the inheritors of two powerful connectivity legacies - the message of Buddha and the Spice Route" (Ministry of External Affairs, 2016). In May 2016, Prime Minister Narendra Modi while speaking at Chabahar connectivity event remarked, "trade and transit routes should only be a starting point of

our journey to greater connectivity" but "full spectrum of connectivity agenda should from cultural to commerce; from traditions to technology; from investment to IT; from services to strategy and from people to politics" (Ministry of External Affairs (2016a). India's comprehensive connectivity vision includes "rebuilding connectivity, restoring bridges and rejoining India with our [its] immediate and extended geographies" through "building a developmental partnership that extends from the islands of the Indian Ocean and Pacific to the islands of the Caribbean and from the great continent of Africa to the Americas" (Ministry of External Affairs, 2017).

Therefore, connectivity has become a major focus area of India's foreign policy under different regional policies and initiatives such the Neighbourhood First policy under which various regional and sub-regional multimodal connectivity initiatives have been planned and the Act East policy, under which India-Myanmar-Thailand Trilateral Highway Project is being constructed. The Sagarmala Project, Project SAGARA, Project Mausam and Freedom Corridor are some of India's key projects towards enhancing regional connectivity. Under the Go West strategy, India is engaging with Iran on Chabahar port and other partners of Central Asia through International North South Transport Corridor (INSTC).

India's Connectivity Initiatives in Central Asia

India and Central Asia share deep civilizational ties. India's relationship with the region can be covered under three aspects such as cultural, geopolitical and geo-economics (Mohapatra, 2021). India and Central Asia and India have shared deep cultural linkages over two millennia in terms of people-to-people contact, trade, and commerce (Jha, 2021). Buddhism travelled from India to Central Asia and Sufi ideas from Central Asia to India (Ministry of External Affairs, 2018). The Ancient Silk Road served as an important route through which goods, ideas, and cultural influences flowed. Central Asian cities such as Fergana, Samarkand, and Bukhara emerged as major towns on the trade routes linking India with Europe and China (Ministry of External Affairs, 2017a).

Post-independence, India did not prioritize Central Asia in its initial foreign policy due to its strong ties with the Soviet Union. In the 1990s, the region witnessed political instability and increased power competition in the aftermath of collapse of Soviet Union. India too, at this time was making adjustments in its foreign policy to adapt to the new circumstances in the aftermath of collapse of Soviet Union. and domestic economic reforms. In 2012, India announced its "Connect Central Asia" policy with an objective to establish mutually beneficial ties focusing on peace and stability in the region, securing energy security, preventing terrorism and controlling drug trafficking. India and the CARs began to stress more on secular values and common threats such as religious fundamentalism, ethnic chauvinism, terrorism, narcotics-funded violence and crime

(Menon & Rajiv, 2019).

Central Asia lying at intersection of Russia, West Asia, South Asia, and the Far East, makes it a critical geography for India's foreign policy. Its population is around 72 million - a net increase of 16 million since 2000 and is estimated to reach around 95 million by 2025 (Stronski & Zanca, 2021). CARs are important for India's foreign policy on many grounds. Tajikistan shares a border with China, Afghanistan, Uzbekistan, and Kyrgyzstan and most importantly, it has proximity to Pakistan-occupied Kashmir (PoK). In addition, Tajikistan is rich in hydroelectric power (second largest in the Commonwealth of Independent States after Russia) and generates around four per cent of the world's hydroelectric potential (Roy, 2012). Indian exports include cane or beet sugar, tea, handicraft, and machinery and pharmaceutical products occupy approximately 25 per cent of Tajik market.

Kazakhstan is the largest economy in Central Asia accounting for more than half of the region's GDP (Chaudhury, 2021). It is surrounded by Russia in the north, China in the east, and Kyrgyzstan, Turkmenistan, and Uzbekistan in the south. Kazakhstan is India's biggest trading partner among the CARs (see Table 2 and Table 3).

Table 2: India's Total Export to Central Asia from 2012-13 to 2020-21 (in USD Million)

Country	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Kazakhstan	286.23	261.51	250.68	151.91	120.88	125.37	143.13	202.59	225.96	235.12
Kyrgyzstan	34.99	34.54	37.76	25.11	30.44	28.59	30.02	29.13	38.71	32.89
Tajikistan	35.16	54.27	53.71	22.26	20.44	23.94	22.28	23.50	53.45	35.35
Turkmenistan	69.92	73.62	91.98	68.53	57.60	54.31	45.64	33.90	60.34	104.23
Uzbekistan	124.90	114.07	170.44	94.64	108.97	132.72	201.41	180.21	280.07	271.18
Total	551.2	538.01	604.57	362.45	338.33	364.93	442.48	469.33	658.53	678.77

Source: GoI, Department of Commerce, 2022

Table 3: India's Total Import to Central Asia from 2012-13 to 2020-21 (in US$ Million)

Country	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Kazakhstan	139.99	656.33	701.67	352.93	521.29	907.43	708.78	2255.70	804.97	325.77
Kyrgyzstan	2.9	0.64	0.77	1.79	1.48	30.94	2.59	1.33	5.16	1.79
Tajikistan	12.86	0.86	4.39	9.98	21.82	50.29	4.24	0.29	1.06	10.74
Turkmenistan	8.33	14.10	13.05	46.97	21.32	26.15	20.63	3.99	0.30	10.07
Uzbekistan	31.50	31.50	55.86	45.26	46.54	101.67	126.73	66.85	14.94	71.35
Total	195.58	703.43	775.74	456.93	612.45	1116.48	862.97	2328.16	826.43	419.72

Source: GoI, Department of Commerce 2022,

India and Kazakhstan have a huge potential to improve cooperation in oil and gas, civil nuclear energy, agriculture, public health, information technology, education, culture and defense sector. In addition, both countries are actively cooperating under the aegis of Conference on Interaction and Confidence-Building Measures in Asia (CICA) and

Shanghai Cooperation Organization (SCO). Kazakhstan is supportive of India's permanent membership in the UNSC (Ministry of External Affairs, 2020).

Similarly, Turkmenistan is also vital for India due to its energy resources and because its borders with Afghanistan and Iran and hence, can also serve as India's gateway to Central Asia. India has become fourth largest global energy consumer after China, US and EU and is likely to replace the third-ranked EU by 2030 (The Economic Times. 2021). Therefore, the 1800 km long Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project launched in 2010, is vital to secure India's growing energy needs. India has also pledged of$1 billion Line of Credit to Central Asia for priority development projects in fields such as connectivity, energy, IT, healthcare, education, agriculture (Chaudhury, 2020). India thus sees the region as a critical geography, not only from the point of view of connectivity to transport goods at a cheaper cost to the European markets (Roy, 2011) but also to address its growing security concerns. Terrorism, religious extremism and radicalization, the resurgence of Taliban and the presence of the Islamic Movement of Uzbekistan (IMU), Hijb-ut-Tahtir (HuT), etc. pose a huge threat to peace and security in Central Asia (Sajjanhar, 2021). Prospects of economic cooperation with Central Asia are also severely affected by strained relations with Pakistan and fears of the security spillover from Central Asia and Afghanistan in Kashmir.

Chabahar Port

For India, Chabahar port in Iran provides direct access to Central Asia and thus serves as a gateway to Russia and Europe. The location of the port lying next to the Gulf of Oman and at the mouth of the Strait of Hormuz, is crucial to connect the landlocked countries Turkmenistan, Uzbekistan, and Afghanistan to access Indian Ocean. The connectivity via Chabahar will facilitate transportation of Indian shipments directly to Afghanistan without transiting through Pakistan. Seeking an alternative route to reach Afghanistan, in 2009 India's Border Roads Organization constructed the 215-km long Zaranj-Delaram road which provides access for Indian goods to reach Afghanistan via Iran (Hindustan Times, 2009). India's strategic interest in developing Chabahar port also stems from balancing China's influence in the Arabian Sea through Gwadar port being developed as part of the China Pakistan Economic Corridor (CPEC). India is also building railway lines between Chabahar and Zahedan on the Iran-Afghanistan border that will further strengthen India's trade ties with Iran and Afghanistan. In 2016, India pledged an $8-billion investment in the Chabahar Special Economic Zone, including an aluminum smelter and a urea-making facility (Chakraborty 2022). While the port has emerged as a hub of commercial and economic activity and especially for Central Asia, the US sanctions imposed on Iran have adversely affected trade between India and Iran trade. Although, the geopolitical logic underpinning relations between the two countries

remains firm (Saraswat, 2022). In 2018, the US exempted the port from its sanctions as India sees Chabahar as a centrepiece in its aspirations to become a regional and global leader. The US too wanted Chabahar to be used for rebuilding Afghanistan.

India and Iran have also set up a joint working group in January 2022 to revive the dialogue on this multinational project which could not only foster new diplomatic and economic partnerships but is likely to intensify geopolitical competition between India and China (Aliasgary and Erkstorm, 2021). The renewed interest is Chabahar comes in wake of the Russia-Ukraine war that presents Indian a unique opportunity to fill in for the western business ventures that have received a huge blow.

International North South Transport Corridor (INSTC)

International North-South Transport Corridor is a 7,200 km long land and a sea-based network consisting of rail, road, and water routes that would reduce costs and travel time for freight transportation and enhance trade between Russia, Iran, Central Asia, India, and Europe (Chaudhury, 2017). Goods travel by sea from ports in western India to the port of Bandar Abbas in Iran, then go by road and rail north through Baku to Moscow and St. Petersburg beyond (Shepard, 2017). Transporting goods from India to Eurasia and surrounding regions via INSTC would be 30 percent cheaper and 40 percent shorter than the existing routes (Chatterjee & Sing, 2015). In June 2022, INSTC got operational when Russia sent consignments from from St Petersburg which would reach India via the Caspian Port of Astrakhan and Iranian Port of Anzali and Bandar Abbas Port (Satam, 2022).

INSTC comprises three branches: the central branch connects Jawaharlal Nehru Port located in India's western coastal city of Mumbai in the Indian Ocean to Bandar Abbas port in Iran on the Strait of Hormuz. It then runs along the Caspian Sea reaching Olya and Astrakhan Ports in Russia. The western branch connects Azerbaijan's railway network to that of Iran and the eastern branch connects Russia to India through Kazakhstan, Uzbekistan, and Turkmenistan (Cyril et al, 2021). In 2016, India and Iran signed a deal for the construction of the Chabahar-Zahedan railway line to connect Zaranji and Delaram in Afghanistan (Roche, 2016). In 2018, India was admitted to the Ashgabat Agreement, another multi-modal connectivity project between Iran, Oman, Turkmenistan, and Uzbekistan. The Iran-Turkmenistan-Kazakhstan (ITK) railway line, a major route under the Ashgabat Agreement was included under INSTC (Stobdan, 2018). India has also proposed for inclusion of Chabahar port under the INSTC (Haidar, 2021). The third India-Central Asia dialogue held virtually in December 2021discused possibilities of enhancing strategic cooperation between India and CARs and emphasized on optimum usage of INSTC as well as the Ashgabat Agreement (Ministry of External Affairs, 2021). India has launched INSTC as a sustainable and transparent alternative to

China's BRI. New Delhi's grand geopolitical strategy is motivated in part by the dual goals of challenging and delegitimizing BRI in resource-rich regions like Central Asia and Africa (Khorrami, 2022).

The Taliban takeover of Afghanistan, however, has come as a setback for these connectivity projects and presents serious challenges for both India and Central Asia. New Delhi has indicated that Kabul would be out of the earlier proposed quadrilateral working group on the joint use of Chabahar port which included India, Uzbekistan, Iran and Afghanistan (Chakraborty, 2022b). Therefore, given the fragile security situation, it becomes imperative for India to keep up the momentum in its burgeoning ties with Central Asia. An unstable Afghanistan is precarious for India, CARs, Russia and China alike and India remains a marginal player in the region. The Russia-Ukraine war has further reinforced the need to revive redundant transport routes and diversify options for the landlocked states of Central Asia (Durso, 2022). Thus, a vigorous push to connectivity could improve India's stakes in the game and enhance its regional presence.

Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline

The TAPI pipeline project was conceptualized in the 1990s by Turkmenistan, Afghanistan and Pakistan but because of geopolitical complications, the project could not take off. Several energy companies such as Chevron, Exxon and BP despite showing initial interests could not commit to the project due to security and financial considerations (Sachdeva, 2015). However, after the overthrow of Taliban, the project got a green signal by signing initial agreement between 2002 and 2008 by four countries (India joined in 2008) (Huda & Ali, 2017). The partially constructed pipeline is expected to transport 33 billion cubic metres of natural gas, along the route stretching from Turkmenistan's Galkynysh gas fields, running through Afghanistan and Pakistan before ending at the Indian border town of Fazilka in Punjab (see Map 1) (D'Souza, 2011). Turkmenistan is keen on reviving the stalled project which has not seen much headway due to recurring tensions between India and Pakistan and instability in Afghanistan. The three countries have also had disagreement over transit fee for gas passing through their respective territories (Firstpost, 2022). Moreover, the Asian Development Bank which was providing financial assistance to the project has put a pause to it till the UN recognizes the Taliban regime (The New Indian Express, 2022).

Like TAPI, the Central Asia–South Asia power project (CASA-1000) too lies in a dormant state. The project was designed for electricity transmission from Tajikistan and Kyrgyzstan to South Asia via a cable line connecting Pakistan and Kyrgyzstan. However, with a deadline of 2023, construction was indefinitely postponed due to instability in Afghanistan (Symeonidis, 2022). Political upheaval in Afghanistan has played a spoilsport to a number of transnational energy projects which if operationalized, could

assuage troubles of energy starved South Asia. Lack of funds and technical expertise also remain significant hurdles in overcoming energy security challenges for South Asia as well as export diversification for Central Asia. The expanding footprint of China in Central Asia has further intensified the geopolitical contest in the region. The country is the largest destination for Turkmenistan's gas supplies and has also shown interest in the TAPI project. In fact, Indian President Ram Nath Kovind's visit to Ashgabat coincided with China's announcement of the "The Tunxi Initiative" which brings on board neighbouring countries to assist in Afghanistan's economic reconstruction (Patranobis, 2022). India therefore has high stakes in expediting TAPI to leverage it to counter China's primacy.

China's Connectivity Initiatives in Central Asia

China was the second country after the US to recognize newly formed CARs in 1992 after the collapse of Soviet Union. The major objective was to create a stable periphery and spread its influence in the region. China's western Xinjiang region has seen tension over persecution of the Uyghurs and the latter's cultural and political ties with Central Asia is a key factor in China's strategic interest in the region. Therefore, China launched its Great Western Development Strategy (Open Up the West Program**)** in the 1990**s** to promote rapid economic development in its western periphery and reduce regional disparities. Under this programme, special importance has been given to infrastructure projects in special economic zones, such as the Chinese city of Khorgas that shares border with Kazakhstan (Kazantsev et al., 2021). China's interests in Central Asia are driven by three reasons: the region acts as a buffer zone between two unstable territories of China's Xinjiang province and Afghanistan. Second, the abundance of natural resources that would be critical to meet China's burgeoining energy demands. Third, the CARs have major potential to become an overland transit hub for the entire continent (Umarov, 2021).

Moreover, the launch of the Belt and Road Initiative (BRI) has put Central Asia at the centre stage in China's geostrategic calculus because of its potential to connect Europe and the Middle East. President Xi Jinping launched the BRI during his visit to Kazakhstan in September 2013 (Wang, 2016). BRI comprises two schemes – the Silk Road Economic Belt (SREB) and Maritime Silk Route (MSR) that aim to connect China's near and distant neighbourhoods through a massive program of infrastructure building (Chung, 2018). Through BRI, China plan to revive the ancient silk route that spanned across Central Asia and South Asia, connecting them to European markets. The BRI aims to provide access to China to alternative routes for trade and energy imports and build a trans-continental network of railways and energy pipelines linking Europe, West Asia and South Asia. The development of new trade and transit pathways would reduce dependence on the current

maritime routes that are crossing Malacca and the South China Sea.

Central Asia is strategically relevant for China as two out of the six economic corridors of BRI, pass through the region viz. New Eurasia Land Bridge Corridor and China-Central Asia-West Asia Economic Corridor. The first route connects the China-Kazakhstan railways to Iran, Uzbekistan and Turkmenistan. It thus balances Russian influence in heart of Eurasia as it bypasses Russian territory. Secondly, the New Eurasian Land Bridge economic corridor connects China to Europe through Russia and Kazakhstan. There are other branches or sub-corridors of BRI which are also important for Central Asia such as:

- China-Central Asia Pipeline also known also Turkmenistan-China Pipeline, reaches China from eastern Turkmenistan to Kazakhstan and Uzbekistan.
- The China-Kyrgyzstan-Uzbekistan Railways, linking the Western Xinjiang cities of Kashgar/Kashi via the southern Kyrgyz city of Osh to Andijon in eastern Uzbekistan;
- The Khorgos-Aktau railway line linking the Caspian oil port-city of Aktau in Kazakhstan to the logistics hub of Khorgos in China (Cooley, 2016).

At present, there are 261 bilateral projects going on in Central Asia under BRI (see Table 4). Kazakhstan maintains top position in the terms of receiving the bulk of Chinese investment (Lingzhi, 2021).

Table 4: China's BRI and Bilateral projects in Central Asia

	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan	Turkmenistan	Total
Total number of projects by country	102	46	44	43	26	261
Trade and industrial development	61	17	17	24	42	131
Rail and road connectivity	14	11	16	5	5	51
Energy connectivity	20	5	7	12	4	48
People-to-people contact	7	13	4	2	5	31

Source: Aminjonov et al. (2019: 3)

According to the US Energy Information Administration, China's daily consumption of oil required which was 4.2 million barrels in 1998, increased to 13.5 million barrels in 2018 and it has been projected that the country's consumption of natural gas will increase by nearly 190 percent from 2020 to 2050 (US EIA, 2019). China, therefore, is keen to tap this rich reservoir of fossil fuels and minerals like Uranium from CARs.

Kazakhstan enjoys a critical strategic location at crossroads between Europe and Asia is thus vital for China with which it shares 1,700 km long land border. Kazakhstan is also leading oil producer of Central Asia's and is a key energy partner of China. China controls approximately twenty percent of Kazakhstan's oil production and has also

constructed one of the world's longest oil pipelines running 2,300 km from the Caspian Sea to Xinjiang province (Hart, 2016). The construction of the pipeline was agreed between China and Kazakhstan in 1997 in the phased manner and this project was developed by China National Petroleum Corporation (CNPC) and the Kazakh oil company Kaz Munay Gas (Xinhuanet, 2006).

Turkmenistan is Central Asia's major gas exporter, and it exports its reserves to China through the Central Asia-China Gas Pipeline, also known as Turkmenistan-China Pipeline. The pipeline reaches China from eastern Turkmenistan, passing through Kazakhstan and Uzbekistan. The pipeline has three strands and the fourth, with Kyrgyzstan and Tajikistan as transit countries, is yet to be completed (The Times of India, 2021). Uzbekistan also supplies gas and energy, which is an crucial component of bilateral cooperation between China and Uzbekistan. The two countries signed deals worth US$15 billion for the development of oil, gas, and uranium fields in Uzbekistan in 2013 (South China Morning Post, 2013). China has also sponsored two petrol refineries in Kyrgyz towns of Tomok and Kara-Balta. China has less interest in Kyrgyzstan due to its small size and its location but at the same time, it is important for transit points. The Turkmenistan–China Gas Pipeline and China– Kyrgyzstan–Uzbekistan railway pass through Kyrgyz territory. In particular, the railway project is seen with great hope, as it can potentially provide an annual fee of US$200 million for freight transit (Vakulchuk & Overland, 2019). Thus, China is soaring high in Central Asia through its commercial investments, infrastructure development, loans and other forms of economic cooperation. Central Asia is the main junction for Chinese BRI, particularly in Silk Road Economic Belt. The Chinese foreign direct investment (FDI) reached US$ 14.7 billion in 2019, an increase of 3.5 times from the US $4 billion in 2011, while the bilateral trade between China and Central Asia trade reached US $ 46.35 billion in 2019, which is 1.2 times the trade volume in 2011 (Lingzhi, 2021).

Russia's Geopolitical Interests in Central Asia

For long Central Asia has been Russia's sphere of influence and shares a deep cultural, political and social connection. Russia is the key regional security provider and an important political partner for the Central Asian countries. After the disintegration of the Soviet Union, Russia has made many efforts to keep the post-Soviet space under its orbit. These include Commonwealth of Independent States (CIS) in 1991, Collectivity Security Treaty Organization (CSTO) in 1992, Eurasian Economic Community (EurAsEC) in 2000, and Customs Union (CU) in 2010. Central Asia is also important because different pipeline networks are connecting Central Asia with Russia such as the Atyrau–Samara oil pipeline, the Makhachkala–Tikhoretsk–Novorossiysk oil pipeline,

the Tengiz–Novorossiysk Caspian Pipeline Consortium, and the Central Asia–Center gas pipeline, and the Bukhara–Ural gas pipeline (Kazantsev et al., 2021). Russia maintains a military base and space surveillance station in Tajikistan, has an anti-ballistic missile testing range in Kazakhstan and the Kant Airbase in Kyrgyzstan. Kazakhstan, Kyrgyzstan and Tajikistan are members of the CSTO and the organization was also deployed in Kazakhstan in January 2022 to curb anti-government protests. The CSTO forces agreed to reinforce the shared borders of Afghanistan with the Central Asian states that are members of the organization, after the US withdrawal from Afghanistan in August 2021 (Parshad, 2022).

Central Asia had not seen much development in the terms of infrastructure connectivity in the Soviet era and its external borders were closed for the outside world. After the end of the Cold War, Russia began showing renewed interest in improving connectivity in Central Asia. However, Russia's connectivity approach in Central Asia is built around Russia-centered regional integration excluding other external powers from post-Soviet space. Although, now it has embraced the open up strategy towards the East. For instance, even though Russia and China are competing for regional leadership in Central Asia, both are showing alacrity to accommodate each other's interest in the region. It may be assumed that to preserve their status quo, security, and stability in Central Asia and to keep other players at bay, Moscow and Beijing have joined forces. Tensions with the West over Crimea and the conflict in Ukraine has pushed Russia towards China (Paikin, 2019).

Eurasian Economic Union (EAEU)

The Customs Union and the Common Economic Space comprising Kazakhstan, Belarus and Russia was recreated as Eurasian Economic Union (EAEU) in 2015 by extending membership to Armenia and Kyrgyzstan. The aim was to create a single economic market inspired by the success of ASEAN and the EU. Putin's vision behind the EAEU is to create a bridge between Europe and the dynamic Asia-Pacific region and foster close integration based on new values and a new political and economic foundation (Lee and Gill, 2015). The EAEU as brought new opportunities related to free movement of goods, capital, services, and people, common transport, agriculture and energy policies. However, the EEAU lacks a fully developed financial sector and technological capabilities that could facilitate regional innovation and discrepancies in the size of the economies, political regimes would be a stumbling block to successful integration (Sergi, 2018). The EAEU is another attempt on Russia's part to strengthen its hold over the post-Soviet geopolitical space and to prevent the implementation of alternative integration projects (Sakaev, 2016). China's expanding footprint in Eurasian economies is undoubtedly unsettling Russia and the latter remains wary of the competitiveness of

Chinese products capturing Eurasian markets. However, both are also taking efforts to forge closer cooperation with regard to their developmental strategies and in May 2015, President Putin and President Xi signed a joint statement on the integration of the EAEU and BRI (Shtraks, 2018).

Greater Eurasian Partnership

In 2016, at the St Petersburg International Economic Forum, Russian President Vladimir Putin announced the idea of Greater Eurasian Partnership (GEP) which is a wider and more inclusive regional initiative similar to China's BRI (Kostem, 2019). The idea is to combine regional projects such as the Silk Road Economic Belt (SREB), Eurasian Economic Union (EAEU), Shanghai Cooperation Organization (SCO) and the ASEAN (Li, 2018) and collaborate with individual countries including China, India, Europe, South Korea, Pakistan, and Iran for building a broad partnership (Sahakyan, 2021). The GEP promotes a Russian-led vision of Eurasian integration, in cooperation with a rising China (Lewis, 2019). As Eurasia is connected to two international corridors such as East-West—Russian Trans-Siberian Railway and International North-South Transport Corridor, and on the other hand, China' SREB runs through Eurasia, Russia therefore sees GEP as an opportunity to balance the western influence and China's expansion strategy. The Sino-Russian cooperation to promote deeper integration in Eurasia through the alignment of GEP and BRI, marks the first step to reshape the future global order (Yongquan, 2018). This emerging partnership goes beyond the division of labour with Russia taking care of the political and security aspects while China looking after the economic (Rolland, 2019). The widening power gap between China and Russia may cause some problems in future. However, at present both the BRI and the GEP find resonance in the larger objective of promoting Eurasian integration via trade and transport corridors. Moreover, the fallout of the ongoing war with Ukraine doesn't give Russia much leverage owing to its economic difficulties. Nonetheless, the Sino-Russian cohort has also compelled the other players like India and EU to up the ante and devise meaningful strategies to secure their interests in the region.

European Union's Engagement with Central Asia

The European Union has had limited engagement with Central Asia with little visibility in the region except in the area of development cooperation. However, for past decades, the EU's energy import and market access and regional security have made Central Asia as an important partner. It is trying to expand economic and political ties in the region but falls behind the Chinese BRI and Russia's EAEU (Pantucci, 2018). Although, the EU's connectivity strategy was planned since the 1990s but it got momentum after the disintegration of the USSR. During the 1990s, the EU launched the

Transport Corridor-Caucasus-Asia (TRACECA) and the Interstate Oil and Gas Transportation to Europe (INGATE) to help its eastern neighbours, including Central Asia, access European and the world markets (Kassenova, 2019). In 2007, the EU adopted *The EU and Central Asia: Strategy for a New Partnership* that established a regular political dialogue and enhanced cooperation in sectors like education, and environment and connectivity initiative such as developing a Caspian-Black Sea pipeline, creating an 'e-silk highway' for integrating Central Asian energy markets (European Union, 2007). In response to the intensified geopolitical competition especially from Russia and China, the EU too felt the need to recalibrate its engagement in the region, and thus launched the *European Strategy for Central Asia* in 2019 which focuses on promoting resilience, prosperity, and regional cooperation (European Council, 2019). For the EU, a major challenge has been to offer an inclusive platform to CARs for meaningful engagement based on a sound understanding of the regional dynamics and country specific needs. The 2019 Strategy seeks to move past the existing prescriptive and one-size-fits-all approach and calls for connecting Central Asia through its own transportation network and also extending the EU's Trans-European Network for Transport with networks in Central Asia, thereby promoting mutual interest in the implementation of joint energy and transport connectivity projects (European Council, 2019). The Strategy also attempts to extend this collaboration to Afghanistan and the Eastern Partnership countries. The EU although does not have a defined geopolitical ambition in Central Asia, it wants to ensure that the region is not just considered as an intermediary passage from China to Europe but develops as a vibrant space through connectivity in all aspects including transport and energy corridors, academic exchanges, people to people contacts, services and investments by promoting fiscally, socially, economically and environmentally sustainable links. (Sachdeva and de Vergeron, 2019). Thus, the EU foreign policy towards Central Asia reflects growing importance of geopolitics and a shift from norm promotion towards principled pragmatism as underlined in the EU Global Strategy 2016 (Winn and Gänzle, 2022). The EU earmarked €1.1 billion to development cooperation with Central Asia for 2014-2020. The European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) have invested €11.3 billion in the region in rural development, education, renewable energy, and entrepreneurship (Russell, 2019).

Central Asian Connectivity: Prospects for Competition and Cooperation

Central Asia presents lucrative opportunities, but a challenging political environment marked by a diverse presence of external powers who are competing for ease of connectivity with the region by bringing their own regional policy initiatives. Russia as the key stakeholder in the region is trying to consolidate its traditional influence through varied institutional arrangements like the CSTO, EAEU and Greater Eurasia. Russia still

wields a considerable clout in Central Asia but over the past few decades, China has made considerably deeper inroads into this post-Soviet space especially with its alluring funding and investments. For the US, this vast, arid steppe region is a critical battleground in the struggle with China over global influence (Wong, 2020). The war in Ukraine has presented a new window of opportunity for China to speed up its connectivity projects that would make the landlocked CARs into land linked as well as reduce their dependence on Russia. Moreover, in an attempt to balance Russia, many Central Asian states have adopted a multi-vector foreign policy. With a number of connectivity and regional cooperation initiatives in the offing, CARs would prefer to adopt the hedging strategy. There is no general agreement among the CARs to consider Russia as the key security provider or source of business and trade. Meanwhile, China has become extremely proactive and invested in various appealing projects but careful enough, not to pose a direct confrontation to Russia. In 2000, while China's total trade was just USD$ 1819.43 million (see Table 5), in 2020 it reached USD $38,556.97 million (see Table 6). In addition, China is significantly challenging Russia in terms of FDI in Central Asia (Table 7).

Table 5: China, EU, Russia and India Exports/Imports and Total Trade with the Central Asia in 2000 in USD (in USD million)

	Exports				**Imports**				**Total Trade**			
	China	**EU**	**Russia**	**India**	**China**	**EU**	**Russia**	**India**	**China**	**EU**	**Russia**	**India**
Kazakhstan	598.60	1,209.03	2,246.27	44.37	958.16	3,319.70	2,197.18	13.88	1,556.76	4598.03	4443.45	57.55
Kyrgyzstan	110.17	59.01	102.86	16.65	67.44	128.25	88.31	3.75	177.61	187.26	191.17	20.4
Tajikistan	6.79	36.58	55.90	3.30	10.38	87.20	237.29	0.95	17.17	123.78	293.19	4.25
Turkmenistan	12.10	170.48	130.14	3.43	4.06	232.49	472.75	0.93	16.16	402.97	602.89	4.36
Uzbekistan	39.43	512.33	274.46	9.53	12.3	582.43	662.22	11.20	51.73	1,094.76	936.68	20.73
Regional Total Trade									**1,819.43**	**6,406.8**	**6,467.38**	**107.29**

Source: https://data.imf.org/regular.aspx?key=61013712

Table 6: China, EU, Russia and India Exports/Imports and Total Trade with the Central Asia in 2020 (in USD million)

	Exports				**Imports**				**Total Trade**			
	China	EU	Russia	India	China	EU	Russia	India	China	EU	Russia	India
Kazakhstan	11,706.99	6,757.71	14,052.64	225.79	9,726.32	14,364.27	5,034.13	1,290.00	21,433.31	21,121.98	19,086.77	1,515.79
Kyrgyzstan	2,876.41	268.39	1,458.27	36.80	34.77	87.06	238.81	5.31	2,911.18	355.45	1,697.08	42.11
Tajikistan	1,018.09	213.38	751.02	44.76	45.27	99.20	42.61	0.35	1,063.36	312.58	793.63	45.11
Turkmenistan	444.82	578.71	631.90	44.37	6,071.17	293.43	320.63	0.68	6,515.99	872.14	952.53	45.05
Uzbekistan	5,150.00	2,557.56	4,567.76	260.40	1,483.13	227.88	1,222.63	15.60	6,633.13	5,677.88	5,790.39	276
Regional Total Trade									38,556.97	28,340.03	28,320.4	19,24.06

Source: https://data.imf.org/regular.aspx?key=61013712

Central Asia's stability and prosperity has a direct bearing on China because of the shared borders and therefore, it hopes to seek a long-term strategic advantage in the geopolitical chessboard. However, a lack of transparency surrounding Chinese projects and loans has

Table 7: Chinese and Russian Foreign Direct Investment in Central Asia 2007-2019

(in USD billion)

	Russia	China
Kazakhstan	6.48	29.17b
Kyrgyzstan	5.92	4.73
Tajikistan	1.93	1.45
Turkmenistan	1.65	6.00
Uzbekistan	1.09	5.79

Source: Wilson (2021)

generated skepticism about viability of China's offers and a possible win-win scenario for the Central Asian states. China's disregard of fiscal, environmental, social and political sustainability runs the risk of jeopardizing connectivity projects in the long run (Saari 2019). China's treatment of its ethnic minorities especially in its western parts that share borders with Kazakhstan and Kyrgyzstan would be critical in determining a favourable perception towards Beijing (Kazantsev et. al. 2021).

The EU on the other hand, engages in ideational geopolitics through its emphasis on values and conceptions of democracy and human rights dialogue and empowerment of civil society (Fawn 2021). It is perceived as a power balancer and is a potential market and source of investments, crucial for CARs' modernization. India's connectivity approach based on "principles of transparency, broad participation, local priorities, financial sustainability and respect for sovereignty and territorial integrity of all countries" (Ministry of External Affairs, 2021), thus aligns with that of the EU and New Delhi could be be an important partner in realizing EU's vision for Central Asia and further exploring possibilities of cooperation with third partner countries such as Japan. New Delhi has become more serious about its outreach to the extended neighbourhood to secure its interests amidst the changing regional dynamics caused by the events in Afghanistan and Ukraine. It is an opportune time for India to step up diplomatic and economic engagement and collaborate with partners in areas where mutual interests converge. The EUs' Strategy for India provides a framework for pursuing a synchronised strategy towards Central Asia anchored in the principles of effective multilateralism, sustainable development and a rules-based order.

The expanding web of North-South and East-West transport corridors can unlock untapped trade potential by linking the Eurasian heartland's core with the Indo-Pacific rimlands and facilitating the progress of once peripheral countries through participation in the global structure of logistics and production. (Contessi, 2020). However, difficulties surmount the successful completion and operationalizing of many of these projects owing to domestic volatility in many CARs. Moreover, evolving a homogenous system of rules, tariffs and other technical specifications would be challenging.

Conclusion

Central Asia has been a competitive zone since the 'Great Game' days between the Soviet Union and the British Empire for competition and control in the region. Now, there is a renewed focus towards this region involving major actors like the US, Russia, China, EU, India, Turkey, Iran, Pakistan and Afghanistan, who have substantial security and economic stakes in the region. The contest to gain greater access to Central Asia's wealth of minerals and natural resources has led players like Russia, China, EU and India to launched various connectivity projects. The Ukraine conflict, Moscow's apprehensions about India's growing closeness to Washington and Russia's proximity to China would have their ripple effects in this potential contested zone. The western sanctions against Russia will thus have a long-term impact on the economies of these countries and the economic distress coupled with instability in the bordering Afghanistan would be detrimental for regional security. The growing Russian and Chinese convergence on a host of Eurasian political and strategic issues has made the other actors anxious. Despite Russia-China bonhomie, the former considers the latter as a long-term competitor in Central Asia because of its growing influence in the terms of trade and FDI flows. Whilst China has no doubt has become more entrenched in Central Asia through its institutional and economic networks, it will take time to supplant Russia which is the biggest destination for CARs exports and a huge source of remittances. Russia therefore has expanded the scope of Greater Eurasian Partnership to include countries like India, Iran, South Korea, Japan, and ASEAN to rein in Beijing's power. In addition, Russia's support for India's admission into SCO and India-led INSTC would strengthen India's efforts in Central Asia. The EEAU would also be crucial to India's attempts to gain access to Central Asia. The prevailing geopolitical uncertainty thus offers both an opportunity and challenge to build alternative trade and transportation routes that could provide a win-win situation for all.

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India's Foreign Policy: Continental and Maritime Dynamics

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Abstract

India's balancing against China has both continental and maritime dimensions. India first approached China's challenge from the continental sphere by forgoing its military alliance with the former Soviet Union. This policy allowed New Delhi to exercise a degree of military dominance over South Asia. However, the sudden demise of the Soviet Union and the concurrent rise of China forced India to redefine its balancing strategy. The paper offers a realist explanation of India's foreign policy. It argues that India's strategic shift from the continental domain to the Indo-Pacific region was a departure from the classical realism of Kautilya to a neoclassical realism understanding of dealing with China's rise. The paper concluded that the two domains of India's foreign policy are interlinked. The developments in the Eurasia region have shaped New Delhi's military and strategic cooperation with the US and Quad-level cooperation with the US, Japan, and Australia.

Keywords

India, Soviet Union, China, United States, Continent, Indo-Pacific, Quad.

Introduction

British India had a policy of denying Eurasian powers territorial access to the Indian Ocean region (IOR) (Martin, 2000). It also had a policy of preventing the emergence of pan-Islamic affinity between South and Central Asia (Ingram, 1980). In 1846, the Maharaja of Jammu, Gulab Singh, was given possession of the mountainous territory eastward of the Indus River and westward of the Ravi. The Hindu ruler was imposed over Muslim subjects with the strategic purpose of containing political Islam in the periphery of the empire (Rai, 2003). In the backdrop of the Great Game in Central Asia, British India tightened its control over Gilgit Agency in 1877 and frontier areas near Afghanistan, China, and Central Asia to surveillance Russia's activities. Besides, British India occupied Tibet and transformed it into a buffer Zone with China (Tanham, 1992).

Meanwhile, with the departure of British rule, post-colonial India contested to regain strategic and political influence enjoyed by New Delhi during the British imperialism in Asia. Both India and Pakistan claimed Jammu and Kashmir and waged war in October 1947. New Delhi disapproved of Pakistan's belief that it is a natural heir to the

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Muslim majority J&K because India is a secular and democratic country (Cohen, 2013).

By the end of the war, New Delhi conquered a large chunk of the state, while Pakistan secured Gilgit-Baltistan, a strategic territory that links the Indian Subcontinent with China, Afghanistan, and Central Asia. Also, the communist revolution in China brought a robust nationalist regime to power, which extended the political control of Beijing over Tibet in 1950. Soon China and India faced the challenge of border demarcation. Not historical but strategic considerations from time to time were used to propose several lines between Ladakh and Tibet in the western sector (Pillalamarri, 2020).

As the Himalayan region became a contested space between India, Pakistan, and China, India sensed the possibility of a two-front war. India had to balance the Sino-Pakistan alliance. According to Rajashed Rajagopalan (2017), the balancing state has six significant choices: nonalignment, hedging, internal balancing, regional balancing, and aligning with the great power(s). For geographical reasons, the paper argues that India chose to ally with the Eurasian superpower, the Soviet Union, and not with the maritime superpower, the United States. The grand strategy of India was based on the classical realist 'Mandal Theory' of Kautilya. The Mandal theory shares the psychological fear of geographical contingency, leading to competition and competing for territorial claims. The ancient Indian scholar Kautilya divided states into circles and argued that the geographical location determines ally and foe (Rangarajan, 1992; Liebig, 2013; Kissinger, 2014). The first circle is the immediate neighbouring states which are to be assumed enemies. The outer circle states could be allies. The often-quoted dictum is 'the enemy of my enemy is my friend'. The first circle encompasses South Asia, the immediate neighbourhood; the second covers the 'extended neighbourhood, Iran, Afghanistan, Central Asian states, and the former Soviet Union. Those states are potential friends and would likely join India in balancing against Pakistan and China. This theoretical paradigm explains why India preferred to form a military alliance with the Soviet Union. While the US was a distant superpower, it was more concerned with the containment of communism and Soviet influence.

However, forging an alliance based on geographical logic has its limitations. During the Cold War, the Indo-Soviet alliance worked against China because the Soviet Union was a superpower. This theory cannot explain the post-Cold War context in which China became more powerful relative to India and Russia. Accordingly, India saw the maritime domain as an area of opportunity to balance China's power and behaviour. New Delhi launched the 'Look East Policy' and projected its image as an Indian Ocean power (Singh, 2014). It looked up the realignment with the US-based on shared interests. Their convergence of interests was around the rise of China and transnational political Islam (Harold, 2014). Subsequently, the maritime sphere became the arena where Indo-US strategic cooperation evolved.

The strategy behind India's pivot towards the Indo-Pacific region is explained by neoclassical realism. According to Steven Lobell et. al. (2009), neoclassical realism defines the national interest conduct of foreign policy based upon the relative power assessment of the other states and domestic constraints. The states do not have one-dimensional goals. States engage in one area or region to bring about change in other areas or another part where it faces rivalry (Lobell et. al., 2009). As such, the balancing tendency toward China's dominant position in the continental domain has been reflected in India's engagement with the Indo-Pacific region. India's priority toward the maritime domain could be attributed to two factors. One, the US was willing to invest in building regional military deterrence against China in the Indo-Pacific region. Second, India is interior to the geography of the Indian Ocean, and China forms the exterior. India's policy was to utilize its Indian Ocean rim power position to hedge against China's behaviour in the continental domain. This paper has various parts dealing with the emergence of the Indo-Soviet alliance and the convergence of geopolitical interests between the US, China, and Pakistan in the 1980s. It also situates the Indo-US realignment in the Indo-Pacific region in twenty-first-century geopolitics, including the US Asia pivot and China's led Belt and Road initiative.

Post-Colonial India

India had acted Western military base in Asia. The British Empire used India's geography and military resources during the two world wars (Farley, 1943). In contrast, Prime Minister Jawaharlal Nehru was determined to chart an independent foreign policy for post-colonial India, named the nonaligned policy (Abraham, 2008). Scholars and analysts view the nonaligned policy as rhetoric to maximize India's position and keep the Cold War power politics out of South Asia (Abraham, 2008; Malone, 2012; Pant, 2019). In response, the US adopted an offshore balancing strategy toward South Asia by assisting the Pakistan military (Rudolph and Rudolph, 2006). Since the Cold War was also an ideological war, the US was cognizant that the survival of democratic India was necessary for the containment of communism in Asia (Madan, 2019). While India believed that South Asia was a single strategic space and should be shaped by New Delhi, it saw the US military assistance to Pakistan with apprehension (Tanham, 1991; Saran, 2017). India did not share the US understanding that India and Pakistan should resolve their territorial differences and form a joint anti-communist front in the region. Instead, New Delhi viewed China and India as having a shared quest to maintain an independent foreign policy in the Western-dominated international system. Together with Chinese premier Zhou Enlai, Nehru proclaimed the Panchsheel principles of peaceful coexistence (Kalha, 2012). Strategic calculations in New Delhi were that any misadventure by China with India would be considered by both the global superpowers an attempt by China to alternate the balance of power (Raghavan, 2010).

At the regional level, India went to war over J&K with Pakistan. It secured a larger part of the territory but failed to gain a Gilgit Agency that links the Indian Subcontinent with Central Asia. The strategic disadvantage prompted Nehru to refer the Kashmir conflict to the United Nations Security Council (UNSC) on January 1, 1948. The UN measure imposed an immediate ceasefire and demanded cooperation from both parties to hold a plebiscite in J&K (Sumathi, 2004). While the communist regime of Beijing annexed the Tibet region in 1950, the buffer between India and China disappeared. Nehru was conscious that independent Tibet was vital for India's security, but he preferred to respond to China strategically than the militarily. India recognized Chinese sovereignty over Tibet in 1954. It invested in the Tibetan people and their Buddhist identity.

The Sino-India conflict arose over the legitimacy of the McMahon Line in the eastern sector and the political status of the Aksai Chin area (37,244 square kilometers) in the western sector. China did not recognize the British colonial era-imposed McMahon Line, and India refused to recognize Aksai Chin as part of Tibet and Xinjiang (Maxwell, 2011). Chinese Premier Zhou En-lai tried his best over five years and numerous visits to Delhi to convince India that China would give territorial concession in the eastern sector in return for India would give in the western sector (Maxwell, 2011).

Later, Beijing was convinced that the US supported the Tibetan secessionist movement from India (McMahon, 2006). The Tibetan summer uprising of 1958 militarized the Line of Actual Control (LAC). India attempted to show it had religious, not political, motives in Tibet by granting asylum to the 14th Dalai Lama in 1959 (Maxwell, 2011). The skirmish on the LAC in August 1959 produced the first casualties. According to Maxwell (2011), Nehru's forward policy of 1961, to deploy additional forces in the Western sector and around the tri-junction of the Bhutan, India, and Tibet border in the Eastern sector, convinced China that India was in no mood for resolving the border issue.

Contrary to this, Bertil Lintner (2020) argued that Mao's 'Great Leap Forward' program was a human disaster. China was looking to divert public attention, and war with India was a low-risk adventure. China occupied the Changchenmo valley to the southeast of Aksai Chin in October 1959. Finally, China's response to India's Forward Policy with a war in 1962. On November 20, China declared a unilateral ceasefire along the entire Sino-Indian border. With the victory in the War, China created a psychological image of being Asia's dominant power (Kalha, 2012; Kapur, 2006).

The Cold War Context

India and the Soviet Union had come to share a strategic understanding of various continental domain developments. From the beginning, the Soviet Union supported India's position in the UNSC on the Kashmir Issue. Russia's favourable response to Indian overtures led to Nehru's visit to Moscow in 1955 and a reciprocated visit by

Khrushchev to India in 1956 (Mastny, 2010). The US-sponsored Baghdad Pact was viewed in New Delhi as more than an anti-communist alliance, a challenge to strategic balance in South Asia. On March 25, 1957, Nehru said in parliament, 'it (the Baghdad Pact) had a direct effect upon India and, naturally, we have viewed them with suspicion and dislike' (Anas, 2021: 64).

However, the global conditions of 1962 restricted the role of the Soviet Union and the US in the Sino-India spat. The US had reached a ceasefire with the China-backed communist forces in Korea. The Cuban Missile crisis ended as Khrushchev decided to withdraw Soviet missiles from Cuba on October 28, 1962 (Mastny, 2010). The Soviet Union gratified India by extending it a US $375 million line of credit for non-military purchases (Mastny, 2010). While the US-led bloc shared sympathy with India, the US convinced its South Asian client Pakistan not to open second against India in the Himalayas. India asked Washington for 12 squadrons of fighter plans and assistance to the Indian Air Force (Kalyanaraman, 2018). The US had yet to respond to the Indian demands that China declared a ceasefire. In the post-war period, the US again showed a desire to resolve the Kashmir issue but could not convince India to give up a territorial concession to Pakistan (McGarr, 2013). In November 1963, the first exercise was conducted by the US, UK, and Australian air forces with India in the Delhi and Calcutta areas (Kalyanaraman, 2018).

China's demonstration of nuclear weapons capability in October 1964 altered India's foreign policy choices. New Delhi perceived more merit in seeking a security guarantee through a bilateral military alliance than equidistance from Moscow and Washington. New Delhi also realized that the US-UK approach lacked the commitment to provide supersonic aircraft or submarines, while the Soviet Union offered both (Joshi, 2015). By 1964, the Soviet Union was India's principal arms supplier (Thakur, 1991). The Soviet military flow to India played a vital role in the Indo-Pak war of 1965. The Soviet mediation restored the pre-war territorial status quo (Kapur, 2006; Raghavan, 2010).

The Sino-Soviet border clash shattered shared communist assumptions and proved Kutalya's dictum that India and the Soviet Union would share a common territorial threat from China. The Soviet Premier Alexei Kosygin assured India that 'if your great country is threatened at its borders, then we will be there to help you' (Mastny, 2010: 67). While Pakistan acted as a bridge between the US and China, in this way, the three countries shared common interests in Asia. After the US and China restored diplomatic ties, Soviet Foreign Minister Andrei Gromyko rushed to Delhi and signed the military pact on August 7, 1971. The Indo-Soviet Treaty of Friendship and Cooperation had categorically stated that they would "not participate" in a military alliance directed against each other. The treaty also had a provision to undertake "consultations" if one of them came under attack (Kalyanaraman, 2018).

Indira Gandhi was determined to use the alliance to deter China and achieve regional hegemony (Hagerty, 1991). She channelized military power to attain the long-wished goal of dismemberment of non-contiguous Pakistan (Thakur, 1991; Stobdan, 2020). India intervened in East Pakistan on humanitarian grounds in December 1971. Moscow's veto paralyzed the UNSC until India's victory was complete (Kapur, 2006). While the US and Pakistan had patron-client relations, the US was supposed to defend Pakistan in return for Islamabad's pro-American policy. However, the US proved to be an unreliable ally against India for Pakistan (Pandey, 2018). India carved out an independent Bangladesh. It dictated peace to Pakistan through Shimla Accord. Therefore, the Indo-Soviet treaty had twin dimensions. It was for a defensive purpose against the Chinese threat and for an offensive purpose against Pakistan.

Making of China-Pakistan All-Weather Partnership

The loss of Bangladesh transformed Pakistan into a continental power with influence over the Arabian Sea. Consequently, Pakistan has come to view its most important geostrategic partner as China. Earlier the two countries had inaugurated the Karakoram Highway to connect Pakistan's Punjab, Khyber Pakhtunkhwa, and Gilgit-Baltistan with China's Xinjiang Region in 1959 (Jones et. al., 2004). The two sides also resolved their border differences on March 2, 1963 (Small, 2015). China ceded over 1,942 square kilometers to Pakistan and later ceded around 5,180 Km in Shaksgam Valley (Warikoo, 2020). Both sides recognized the disputed nature of Jammu and Kashmir (Noorani, 2006). But in the post-1971 period, the two sides agreed to promote their bilateral relationship to the strategic level. China promised Pakistan support for atomic technology during PM Zulfikar Ali Bhutto's visit to Beijing in June 1976 (Mastny, 2010). In September 1986, the two countries signed an agreement to facilitate the transfer of civil nuclear technology (Khalid, 2020; Corera, 2006). Further, the 1,300 km Karakoram Highway was completed in 1978. The road provided the first-ever all-weather links between China and Pakistan (Jones et al., 2004). The highway is military and strategically significant as it passes through the collision zone between the Eurasian and Indian plates, where China, Tajikistan, Afghanistan, and Pakistan come within 250 km. Thus, by the end of the Cold War, China and Pakistan had become military allies in the Himalayan region, and South Asia had entered into an era of nuclear deterrence.

Post-Cold War Period

Historically, the Eurasian powers have faced geographical constraints and challenges from maritime powers to access the Indian Ocean. The existence of narrow chokepoints and the disconnect between the southern Asian littoral and Eurasian hinterland has given the Indian Ocean the character of a semi-closed strategic space

capable of being dominated by a single naval power (Brewster, 2017). It was first Britain and then the US that used Afghanistan and Iran as geographical barriers against the Soviet Union's quest to get access to the Indian Ocean. However, unlike the Soviet Union, China is both economic and military power. It had established its strategic authority on the Korean peninsula in the early 1950s, in the Indochina region in the 1980s, and inroad into South Asia in the 1980s (McCord, 1989; Ross, 1998). China experienced three decades of double-digit growth, which gave it material backing to compete over world seas. China's rise has raised concerns in the Philippines, Malaysia, Vietnam, and Japan over its territorial claim and militarization of the Eastern and South China Sea. The new fault lines became evident with the Mischief Reef crisis with the Philippines in the Spratly Islands in 1995 and the Taiwan Strait Crisis of 1995 and 1996 (Renee, 2007). It was in this backdrop, India sensed its weak position and disappearance of trust ally the Soviet Union in the continental domain could be compensated by exercising its geographical edge (The IOR represents interior lines' for India and 'exterior lines' for China) as the largest country in the Indian Ocean region and strategic partnership with the US and other states East Asian states to hedge against China's hegemonic behaviour in the continental sphere (Holmes, 2012; Brewster, 2017). Besides, the global gravity of geo-economics had shifted from the Euro-Atlantic region to the Indo-Pacific region in the 1990s; the maritime route was a land of economic opportunities for India against stagnant SAARC (South Asian Association for Regional Cooperation).

India Look East Policy

The 'Look East Policy' (LEP) was India's post-Cold War period geo-economic strategy in the IOR launched in 1991. It began with furthering economic engagements with southeast Asia (Alamgir, 2009). New Delhi's decision to liberalize and globalize its economy attracted the region to its huge economic potential. The Association of Southeast Asian Nations (ASEAN) accorded sectoral dialogue status to India in 1993, a full dialogue partner status in 1995, and ASEAN Regional Forum membership in 1996 (Yong and Mun, 2009). In terms of economic engagement, the Indo-ASEAN interaction has emerged as one of the largest partnerships, with a trading volume of US $ 70 billion achieved in 2016 (The MEA India, 2017).

Further, India has initiated multilateral trade and connectivity projects to link South and East Asia. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) was launched among India, Bangladesh, Myanmar, Sri Lanka, Thailand, and Nepal. In 2000, the Mekong-Ganga initiative was established to promote connectivity links of India's north-eastern region with Thailand, Myanmar, Cambodia, Laos, and Vietnam (Upadhyay, 2014). Besides, the declaration of a nuclear state in 1998, the acquisition of aircraft carriers and nuclear submarines, and heavy naval

build-up in the Andaman and Nicobar Islands resulted in many East Asian countries looking at India's security role seriously. Vietnam, Indonesia, Singapore, Australia, Malaysia, and Thailand have conducted regular bilateral naval exercises with India (Brewster, 2013; Mohanty, 2018). All this indicates growing

Concurrently, India improved trade relations with China. The two countries achieved the new normalization in 1988. In 1993, the Sino-India Joint Working Group was established to maintain border peace and tranquillity (Menon, 2016). The Indian Parliament resolution of 1994 censured only Pakistan and demanded to vacate an illegally occupied part of J&K (Warikoo, 2020). The management of border differences boosted Sino-India trade relations. Their bilateral trade jumped from US $2 billion in the 1990s to the whopping value of US $84.44 billion in 2017 (The Hindu, 2018). Their common status as emerging global economies meant the adoption of common membership in new multilateral groupings such as the Russia-India-China (RIC) forum, the Brazil-Russia-India-China-South Africa (BRICS) to address the international trade, financial reforms, and environmental challenges (Zarakol, 2019). The Sino-India trade jumped from US $2 billion in the 1990s to US $84.44 billion in 2017 (The Hindu, 2018).

Similarly, India launched the 'Look West Policy' in 2005 to increase understanding with the oil-exporting countries of the Gulf region. The Gulf Cooperative Council (GCC) member countries and India have witnessed a shift from transactional to close partnerships. The GCC values India's energy market (the world's third-largest oil consumer), and India values the GCC bloc as its largest export destination (Shah, 2021).

David Brewste (2012) acknowledged that India's LEP has furthered its geo-economics and geopolitical capacity and has given New Delhi the image of the rising global power of the twenty-first century. One can understand India's economic and military growth as a part increase in internal balancing capacity from the fact that it took India sixty years to pass the target of a trillion-dollar economy, but it took only seven years to add another trillion and became US $ 2 trillion economy in 2014 (Raghavan, 2015). Indian defense expenditure has risen from $8.6 billion in 1996 to $63.9 billion in 2017 (Kumar, 2021). It has become attractive to the world market due to its billion-plus consumers. The share of international trade in India's GDP has increased from 15.67 in 1990 to 41.07 percent in 2017 (The World Bank, 2018). Thus, India's projection of the Indian Ocean player has given it a geo-economic profile of rising global power.

The Indo-US Realignment

The other dimension of India's maritime policy has been setting up multifaceted relations with the US. The Indo-US two-way trade has grown from US $20 billion in 2000 to an estimated $126.2 billion in 2017 (The Office of United States Trade Representative, 2021). In the military and security arena, India and the US began their cooperation with

Malabar naval exercise in 1992 (Lalwani and Byrne, 2020). In the post-nuclear tests of 1998, the two countries shared an understanding of strengthened global nuclear non-proliferation regimes (Rudolph and Rudolph, 2006). India also supported democracy and capitalism, if not backed the military toppling the anti-US authoritarian regimes. India and the US became the founding members of the Community of Democracies initiative in 1999 (The MEA India, 1999). The Indians maintained a highly favorable opinion of the US even after the controversial Iraq invasion (The Pew, 2007).

The US showed a willingness to co-opt New Delhi into the Western-dominated world order and attempted to utilize the capacity of Asian democracies to balance China's rise. The idea of the Quadrilateral Security Dialogue, or Quad emerged in 2004; it began when Australia, Japan, India, and the US coordinated joint humanitarian assistance after the Indian Ocean tsunami. The US offered India a civil nuclear deal in 2005. The deal was instrumental in recognizing India as a de-facto nuclear weapons state (Ayres, 2009). India also gained membership in various nuclear material and technology-related exclusive clubs, which regulate the trade of nuclear and dual-use technology (The Tribune India, 2018). We can say by the turn of the century, the Indo-US bilateral relationship had become multifaceted.

Therefore, the second-tier power, India adopted simultaneously limited balancing against China by investing in East Asia and limited bandwagoning with the US rather than following either a pure balancing or a pure bandwagoning strategy. It was a kind of strategic hedging or soft balancing by using specifically economic, diplomatic, and institutional arrangements to restrain the behaviors of the hegemonic state (Pape, 2005; Rajagopalan, 2017; Kumar, 2021). Contrary to this, hard balancing refers to a strategy in which states build and update military capabilities and maintain formal military alliances with other states to counter the capabilities of their key opponents (Paul et al., 2004). The pragmatism displayed by India and China was hailed as the making of an Asian century. We could say that there was no triumph of security interests overpower. Rather, India maintained mutually beneficial trade and investment ties with China, which constrained their rivalry from slipping into conflict.

China-Russia Alliance

In the post-Soviet world, Russia and China witnessed geopolitical convergence. This ushered in a new era of cooperation between the two big powers at the bilateral, regional and global levels. Russian President Boris Yeltsin and Chinese leader Jiang Zemin signed a declaration on a "multipolar world" in May 1997 (The UN, 1997). China launched the Shanghai Five group of Kazakhstan, Kyrgyzstan, Russia, and Tajikistan to deepen military trust with border Regions on April 26, 1996 (Gill, 2001). Beijing resolved border conflicts with Kazakhstan, Kyrgyzstan, and Tajikistan in 1999 and Russia in 2000,

which removed political differences within the regional grouping (Hongyi, 2009; Stronski and Nicole, 2018). Next, these countries upgraded the regional security architecture and formed the Shanghai Cooperation Organisation (SCO) in 2001 (Gill, 2001). At the bilateral level, the Sino-Russia signed the Treaty of Good Neighborliness and Friendly Cooperation was signed in 2001. Article 9 of the treaty included an understanding that the two sides would hold "consultations" when 'one of the contracting parties deems that peace is being threatened and undermined or its security interests are involved or when it is confronted with the threat of aggression' (Ambrosio, 2017: 127). Russia's military technology and China's economic capacity have acted as the material base for their strategic alignment. China could not buy military technology from the US sphere of influence, while Russia's military budget had plummeted from the Soviet military expenditure of US $350 billion in 1988 to US $60 billion in 1998 (Wezeman, 2017).

Consequently, China emerged as one of Russia's most important arms clients (the other being India), with $37 billion in total arms sales since 1992 (Schwartz, 2021). In the post-2014 period (After Russia annexed Crimea), Moscow also sold China its most advanced Mi-171, Su-35 combat aircraft, and S-400 air defense systems (Schwartz, 2021). These weapons have enhanced China's ability to further its anti-access capabilities in Asia-Pacific.

Similarly, Moscow found China has the ability and will to undermine the US sanction regime and hegemony of the dollar. Beijing offered Moscow in the post-2014 period wider market access. Their bilateral trade has expanded by more than 50 percent to $146.88 billion in 2021 (The Reuters, 2022). Beijing's investment in Russia is the largest, worth US $125 billion between 2000 and 2017 (The Reuters, 2022). Further, the two global powers are at the center of the currency war. They have devised alternative mechanisms to increase trade in their respective currencies and bypass the Worldwide Interbank Financial Telecommunications (SWIFT) (Simes, 2020). Thus, the Sino-Russia cooperation has wider geopolitical and geo-economics dimensions.

Belt and Road Initiative (BRI)

China is the world's second-largest economy (GDP 18 trillion) and industrial powerhouse. It replaced Germany as the leading exporter in 2009 and overtook the US as the largest importer in 2015 (Shah, 2020). The Chinese economy relies on trade routes that pass through the Indian Ocean. More than half of China's oil imports reach its ports via the Straits of Hormuz, Malacca, and the South China Sea. It is, therefore, natural for the Chinese government to seek to protect its sea lanes of communication (SLC) or find an alternative route. The BRI is China's strategy to deal with growing economic relations with the world and secure long-term access for Chinese export. It was proposed by

Chinese President Xi Jinping in 2013 in a speech in Kazakhstan and then in Jakarta (Garlick, 2020). It is a combination of continental and maritime Silk Road policy.

The salient achievement of the BRI in the continental domain is that China received cooperation from Russia, Turkey, Iran, and Pakistan. Despite the Eurasian Economic Union (EEU) and BRI have mutually exclusive objectives (BRI wants free trade and EEU focuses on raising a bar on non-members), Russia has projected the two economic cooperation arrangements as complementary to each other (Christoffersen, 2018). Both Russia and China have a common goal of transforming Central Asia into a closed geopolitical space to deny extra-regional powers' military and security roles. In May 2015, President Vladimir Putin and President Xi met in Moscow and signed a joint declaration to coordinate the BRI and EEU with the stated goal of forming a common space on the Eurasian continent (Wong, Erebus, et al. 2017). The Eurasian Economic Commission believes that the BRI–EAEU coordination not be "mere transit for Chinese goods via the territory of EAEU to Europe but would provide EAEU goods access to the Chinese market (Garlick, 2020).

Similarly, China has shielded Iran from the western powers' sanctions and trade embargo. Chinese companies have been in Iran for the past 30 years, and their bilateral trade volume exceeded US $37 billion in 2017 (Sen, 2018). The BRI has linked Tehran with China. The first cargo train from China to Iran completed the 10,399 km journey from Zhejiang province to Tehran in 2016. A freight train service was launched from Bayannur, Inner Mongolia, to Tehran in May 2018 (Yan, 2018). The two countries established a comprehensive strategic partnership in 2016 and Strategic Cooperation Agreement (SCA) in 2021. Under the 25-year SCA, China is believed to have a commitment to investment cash stripped of the Iranian economy worth $400 billion (Duggal, 2021). The deal is widely claimed to be a game-changer against the US sanctions.

At another level, the BRI has a grand vision of developing territorial access to the IOR, which past Eurasian powers at their zenith of power could not achieve. China launched the multi-billion (US $62 billion) China-Pakistan Economic Corridor (CPEC) project in 2014. The part of the project is to connect China's western region (Xinjiang province) with Pakistan's Gwadar port (The ICG, 2018). The distance between Gwadar and Kashgar is nearly 2,800 km. The CPEC will provide China with an alternative trade route to escape the Malacca Dilemma. The oil from the Gulf region can directly be shifted via Gwadar to China. The port will provide the Chinese navy access to the Persian Gulf, the Strait of Hormuz, and the wider Indian Ocean (Pourtajrishi and Vakilotojar, 2018).

The second land connectivity project is between China's Yunnan Province and Myanmar's western-most state of Rakhine. The Kyaukpyu port will give China access to the Bay of Bengal. A MOUs for the harbor project, the gas and oil pipelines, and a railway

connecting to south-western China was signed in 2009. In 2016, Chinese companies won contracts to develop a deep-sea port and create an industrial area in an accompanying special economic zone (SEZ). The port project is valued at $7.3 billion, and the SEZ at $2.7 billion (Poling, 2018). The gas pipeline entered operation in 2013 and can send 12 billion cubic meters of gas to China annually. Therefore, strategically, it would be more valuable to transport energy by longer inland route from Pakistan and Myanmar to China than exposing the SLC to the US and Indian navy through the Strait of Malacca and the South China Sea.

While the maritime Silk Road has focused on securing the current SLCs of China, it has approached the Island countries by offering investment in their coastal areas. Beijing has developed the port of Chittagong in Bangladesh and the port of Hambantota in Sri Lanka, Lamu in Kenya, Bagamoyo in Tanzania, and several other countries into conventional shipping facilities. In 2017, China established its first overseas naval base in Djibouti, which already hosts western powers' navies (Staden, 2022). One reason for China to operate a naval base in Djibouti was to support its participation in multilateral anti-piracy activities in the Gulf of Aden rather than deterring adverse navies.

Thus, the BRI is a traditional land-power strategy aiming to integrate the transportation and trading channels with Chinese industrial centers by laying down new and upgrading pipelines, roads, railways, 5G networks, and fiber-optic cables to facilitate the transport of oil, gas, minerals and electronic data to China. In all, 139 countries have joined BRI (Sacks, 2021). China's National Reform and Development Commission said in March 2017 that China had invested over $50 billion in countries along the BRI since 2013 and signed contracts for new construction projects worth US $304.9 billion between 2014 and 2016 (The ICG, 2018).

If the BRI is successful, it will give China a benign global power status, fulfill the investment and technology voids in different parts of the world, and further economic development inside and outside China's borders (Clarke, 2017; Golley and Ingle, 2018). The BRI has proposed strategic goals of escaping the Malacca Dilemma. It also has an ideological dimension of extending a state-led development model (The ICG, 2018). If this strategy is successful, China will transform its capacity into a regional order in which China will play a leading role. China has already secured its dominance in the continental domain; it is a rising global in the maritime sphere. China has alleviated its global position as the world's second-largest defense-spending nation and the third-largest arms exporter (Blanchfield et. al., 2017). In 2020, China secured the world's largest navy title by surpassing the US Navy in total battle force ships, approximately 360 to 297. Beijing has been building its third aircraft carrier. It plans to introduce multiple nuclear-powered aircraft carriers by 2030, which will reduce the technological gap between the PLA and the US navy (Tandon, 2021). Although the US dominance over the Atlantic Ocean has

been unchallenged, the Indian Ocean has witnessed a rise in China's presence. The Chinese navy presence at Gwadar will be strategically located to monitor the IOR. By enhancing Pakistan's naval capacity, it would be able to influence OIR (Hindustan Times, 2021).

India's Continental Policy

Although India and Russia renewed the Soviet legacy by signing the Treaty of Friendship and Cooperation in 1993 for 20 years, the material realities did not correspond to the treaty (Kalyanaraman, 2018). Russia inserted the provision of "consultations" in the Sino-Russia Friendship Treaty but opted to drop the provision with New Delhi in 2000. The terminology of the treaty was changed to Indo-Russia strategic partnership. Both sides agreed to continue their mutually beneficial defense engagement but explicitly stated that their partnership "is not directed against any other state or group of states" (Kalyanaraman, 2018). This was Russia's reference to China and Pakistan. While India's immediate challenge had been a sub-conventional war with Pakistan in Kashmir Valley, it wants friendly states to condemn the secessionist movement as Islamic terrorism. In a talk with his Russian counterpart, the Indian PM Atal Bihari Vajpayee expressed the Indian position that the strategic partnership should be built on support for struggling against international terrorism and religious extremism (Cherian, 2010). In subsequent declarations, India and Russia did not even choose to mention the pledge of military neutrality. Russia and Pakistan signed a defense cooperation agreement in 2014 and widened cooperation areas into joint military and counterterrorism drills (Niha, 2021).

The major geographical challenge for India's Central Asia policy was securing territorial access. It preferred to cooperate with Iran to bypass Pakistani territory. The Indo-Iran strategic talks were initiated when the US tightened its sanction on Iran and Iraq (Brzezinski et al., 1997; Iqbal, 2014). In interchange, Iran lowered its pan-Islamic tone towards the alleged human rights violations in the Kashmir Valley (Bhadrakumar, 2005).

Meanwhile, the US invasion of Afghanistan in 2001 brought India back into the Afghan game. According to Shyam Saran:

'the September 11, 2001 terror assault by Al-Qaeda on the US significant changed global attitude towards Pakistan's cross broader terrorism. The cross broder terrorism across Line of Control in the name of supporting Kashmir freedom movement has gained global and US attention. This was important gain for India, a collateral benefit of the global war on terrorism unleashed by US' (Saran 2017:50).

India's Afghan policy was overtly anti-Taliban and treated the group as mere proxies of Pakistan. Pakistan feared that Jihad in Pakistan, such as Tehrik-e-Taliban Pakistan (TTP), and militancy in Baluchistan were the creation of India and its embassy in Afghanistan (Pande, 2014). India invested about two billion in Afghanistan to stabilize

the pro-India regime. New Delhi prioritized constructing the Iranian Chabahar port to push Afghanistan's trade away from Pakistan's Karachi port (Jin, 2017). New Delhi signed the Delhi declaration (2001) and Tehran Declaration (2003) with Iran to invest in the Chabahar port (Shah, 2021).

But India's friendship with Iran was not appreciated by Washington and Israel. As such, New Delhi avoided actual investment in agreed projects like Farzad B Gas Filed, Iran, Pakistan, and India gas pipeline (Shah, 2021). Rather India, after 2005, initiates strategic energy cooperation with Saudi Arabia (Joshi, 2015). India also joined the US in expressing concerns over the Iranian nuclear program. It voted on resolutions against Iran's nuclear program in the International Atomic Energy Agency (IAEA). It also eliminated oil imports from Iran in May 2019 (Shah, 2021).

The Chabahar port also lost strategic imperative for India after the US withdrew from the Afghan quagmire in August 2021. The return of the Taliban regime has reversed India's gains and brought back the China-Pakistan alliance (Fischer and Stanzel, 2021). Afghanistan was already part of BRI. The first-ever train from China to Afghanistan (Hairaton via Uzbekistan) was inaugurated on September 7, 2016. With the formation of a trilateral cooperation mechanism among China, Pakistan, and Afghanistan, Kabul will align its policies with the CPEC (Laskar, 2022).

Meanwhile, India has considered itself on the receiving end of geopolitical changes in the continental domain. Specifically, India expressed strong displeasure over the CPEC and called it a violation of India's territorial claim. New Delhi propagates that the BRI has geo-economic, strategic, and military objectives to dominate Asia (Haidar, 2017). The Indian media and think tanks have associated the BRI with the strategy of "string of pearls" and debt-trap diplomacy. Subsequently, India's border ties with China and Pakistan became tense. The Indian army intervened on behalf of Bhutan and demanded China stop building a road (from Yadong to the Doklam), known as the Doklam standoff of 2017. India saw the road as a direct threat to its chicken nick, the Siliguri Corridor (Joseph, 2020). The standoff continued till August 28, 2017, when both countries agreed to pull back their troops (Joshi, 2021).

In the western sector, India withdrew the regional autonomy to J&K in August 2019. India bifurcated Ladakh from J&K. When the bill was tabled in the Indian parliament, the Home Minister Amit Shah said that 'I wish to place on record that whenever I mention J&K in the House, it means both Pak-occupied Kashmir and Aksai Chin' (Sinha, 2019). In response, both China and Pakistan rejected India's move as provocative and unilateral. Both sides ramp up their military presence in the Himalayan region (Swain, 2020). Both China and Pakistan have demanded India restore the legal status of regional autonomy of J&K, a precondition for restoring calm at borders. The lowest point of the Ladakh standoff was a military clash between India and China in the

Galwan Valley in September 2019 (Riza, 2022). India also imposed mandatory government approval for Chinese investment, banned popular Chinese apps, and ruled out a tender to the Chinese company for a 5G network in the name of national security (Shah, 2020). Indian political elite has intensified political rhetoric in support of Taiwan's independence and Tibetan government members in Exile (Swain, 2020).

India-US New Consensus in Indi-Pacific Region

In the post-Euro-Atlantic financial crisis period, the US came up with "the Asia Pivot strategy" to respond to China's growing strategic clout in the Indo-Pacific region (Lalwani and Byrne, 2020). According to Harold Scott H. (2014), the US rebalancing policy in the Asia-Pacific region is 'low cost based on utilizing allies resources for its strategic interests. The US Department of Defense's (2018) National Defense Strategy highlights that the US can draw on allies' and partners' resources, capabilities, and strengths in strategic competition with China (Lin, Bonny, et al., 2020). During his visit to New Delhi in June 2012, the then US Defense Secretary Leon Panetta 'called India the "lynchpin" of US military strategy in Asia' (Mohan, 2012: 220).

The US pivot to the Asia-Pacific region has made Delhi more relevant to the balance of power in Asia, but earlier New Delhi was hesitant to acknowledge that the Indo-US strategic partnership is driven by the shared goal of balancing or containing China (Scott H., 2014; Kelly, 2010; Rajagopalan, 2017). New Delhi changed its China policy after the BRI was launched in 2013. In 2015, the Joint Vision Statement issued after the Obama-Modi summit mentioned the need for ensuring freedom of navigation and overflight and also opposed the threat or use of force to settle territorial or maritime disputes, an apparent reference to China's attempts to take control of features in the South China Sea (The White House, 2015). In 2017, India came to terms with the Quad grouping in the Indo-Pacific region. The first meeting of the Quad members took place virtually on March 12, 2021(Madan, 2021). The slogan chosen by Quad members is to keep the Indo-Pacific region free and open and coordinate and collaborate on Covid-19, climate change, and emerging technologies. At the Quad ministers meeting in Australia in 2022, India's Foreign Minister S. Jaishankar said 'countries have "legitimate concerns" over Beijing not adhering to written agreements' (Basu, 2022). The second in-person Quad Summit was held in Japan in May 2022. The member countries unveiled several initiatives to counter China's influence region, including the Indo-Pacific Economic Framework (IPEF) of fourteen countries (Laskar, 2022).

The development at the bilateral level also indicates that the two countries have become de-facto military allies. The Indo-US defense trade has progressed from nothing in 2008 to the US $21 billion in 2020 (The State Department, 2021). Besides, the US has negotiated all four foundational military agreements with India between 2002 and 2020

(Narayanan, 2018; the Hindu, 2021). The US has upgraded India's status to the "Major Defence Partner," a non-NATO ally and Strategic Trade Authorisation-1 status, to facilitate the smooth flow of dual-use technologies without any prior need for a license regulated by the Department of Commerce (The State Department, 2021). In November 2019, the US and India conducted Tiger Triumph, the first-ever tri-service (ground, naval, and air forces) military exercise between the two countries (The State Department, 2021). With this development, the US has taken the role of bolstering India's military capacities. As such, we can say that India and the US have made strong headway towards the alignment of their military understanding and cooperation through the regional mechanism of Quad.

Conclusion

This paper made a humble effort to explain the shift in India's strategic choice on balancing China from the classical realism (Mandal theory of Kautilya) to neoclassical realist thinking. India balanced China from the Indo-Pacific region because of its weak position in the continental domain and more vulnerabilities in China's maritime domain. This study does not claim that India's membership in the Quad indicates a change in grand strategy from soft balancing to hard balancing; it provides an account of India's strategic choice is in alignment with neoclassical realism. It also demonstrated how India came to terms with the Quad alliance in the Indo-Pacific region and what role the developments in the continental domain played. The emergence of the Russia-China alignment diminished balancing choices for India. Accordingly, India harmonized its strategic maritime views with the US Indo-Pacific pivot. From India's perspective, the Quad is a flexible grouping of like-minded states to maintain a favourable balance of power in Asia. From a strategic perspective, none of the Quad members wants to see a China-dominated unipolar Asia. However, India made a trade-off between the two domains. India left Iran open for Chinese dominance. India also considers Russia a useful military partner. By joining the US-led bloc in condemnation of the Russian Ukraine policy, New Delhi will give more strategic space to China in the Eurasia region. In part, the answer to this question would lie whether the US wants to see a more powerful or more aligned India. And partly, whether India sees bandwagoning with the US as an alliance for-profit and containing China or a comprehensive alliance with the US against all revisionist powers.

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Opportunities for India to Expand Trade in World Market: Empirical Evidence from Revealed Comparative Advantage

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Abstract

The present study attempts to examine the comparative advantage of India in various product groups from 2001- at HS 2digit classification to highlight product groups in which the country enjoys a comparative advantage in the world market. In addition, those product groups in which the country has gained or lost comparative advantage in the world market in recent years are measured so that appropriate trade policy can be formulated. Besides, the study examines determinants of export competitiveness of product groups in which India enjoys a comparative advantage with respect to the world. The results indicate that though the country lost comparative advantage in 10 sectors during the analysis period, at the same time, gained an advantage in 11 sectors which is a healthy sign for the economic development of the country.

Keywords:

Trade Relations, Comparative Advantage, Trade Competitiveness, World Market

Introduction

Globalization is the way for the free flow of goods and services, capital, labour, and technology and the path for integrating various economies of the World (Datt & Sunduaram, 2010). According to Stiglitz, "Globalization is the close integration of the countries and people of the World which has been brought about by an enormous reduction in costs of transportation and communication and breaking down of artificial barriers to the flow of goods and services, capital, knowledge and people across borders" (Stiglitz, 2002). The fresh wave of globalization around the world over the last couple of decades has led to an increase in trade between different countries. To benefit from these opportunities related to trade, many developing countries have also opened their economies. From the existing literature, it is clear that many factors including a common language, common culture, tradition, common religion, comparative advantage, and other such factors have contributed to the rapid growth of trade around the World. Like other countries, India has taken many steps to improve trade relations with other countries

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of the world. The country started the process of integrating its economy with the World in the 1990s to overcome the economic crisis and achieve a higher growth rate. This wave of globalization and reforms by developing countries has led to a rapidly increasing world trade, particularly from the early 1990s. The developing countries tried to achieve maximum benefit from trade liberalization and increased trade with developed countries. However financial crisis in 2008 and a slowdown in merchandise trade in the last couple of years have motivated the countries to reconsider the process of globalization. To add to this uncertainty, Covid-19 shook the entire world and disrupted world trade in the last couple of months. To overcome this situation, different countries (with India being no exception) have announced different policies to minimize the impact of Covid-19 on their economies. To keep the economy on track, Prime Minister Narender Modi has given a call to Atmanirbhar Bharat (or self-reliant India) for domestic consumption and subsequently produced for world market. The main aim of Atmanirbhar or self-reliance is to develop locally available resources and products for the domestic and subsequently world market. Given this situation, empirical analysis of the export competitiveness of nations with respect to other nations and regions around the world is of paramount importance.

Export competitiveness shows the factors which play an important role in the trade integration of different countries. The word competitiveness has different meanings when applied to different firms, sectors, and regions. Edmond (2000) is of the view that competitiveness for firms means that they are performing better than other firms in the market. Similarly, ITC (2016), defined competitiveness as the capacity of firms to sell the product demand in the market at the required quantity, quality, and time. World Economic Forum (2005) defines competitiveness as a collection of factors, policies, and institutions that determine the productivity level and level of prosperity that can be attained by a country (Pillania, 2009).

In present-day day world, Competitiveness has been assessed by various scholars like (Roth & Morrison, 1992; Mitchell et al., 1993; Murtha & Lenway 1994; Uysal et al. 2000; Contractor et al. 2005), by utilizing the Revealed Comparative Advantage Index. The concept of comparative advantage was put forward by David Ricardo (1819), who was of the view that nations should specialize in those products in which they enjoy a comparative advantage with respect to other nations and regions. There is a plethora of literature available which has used the RCA index to use trade relations between countries. Using the RCA index, Gopal et al. (2009) examined the comparative advantage and export performance that India enjoys in finfish. However, the study concludes that India does not enjoy any comparative advantage in this product even though exports of finfish have increased in recent times. Similarly, Fetscherin (2012) has found that products produced in India are performing better in the world market in terms of specialization. With respect to Iran, Fathipour (2013) has concluded that trade from India

is in line with comparative advantage. However, these products are mainly related to agricultural sector.

Wei and Chunming (2012) has examined comparative advantage of China's manufacturing sector with respect to world market as well as with USA. The study concluded that manufactures products from China are able to increase their advantage in USA as well as in world market. In case of world market, it is medium technology products who are able to gain in terms of comparative advantage. Besides manufacturing products from China have more comparative advantage with respect to world as compared to US market.

From the above studies, it is clear that many scholars have examined RCA of different sectors and products of India with other countries of the world. The present study makes an attempt to examine RCA of India at HS 2digit classification of 99 product groups which include more than 5000 products. In addition, those product groups in which India enjoys comparative advantage are subject to regression analysis which would help to understand factors that play an important role in the competitiveness of these product groups.

Methodology

Revealed Comparative Advantage Index

The concept of RCA given by Balassa (1965) and applied by (Amita & Zeba, 2005; Serin & Civan, 2008; Muratoglu & Muratoglu, 2019) is being followed in this study to find the comparative advantage of India with respect to Iran. The index calculated is as:

$$\mathbf{RCA_{IW}} = (X_{KI}/X_I)/(X_{KW}/X_W)$$

Where

RCA_{IW} =revealedcomparative advantage of India with respect to the world

X_{KI} = exports of commodity k by India

X_I= total exports from India.

X_{KW}= exports of commodity k from the world.

X_W= total world exports.

The RCA index has a simple interpretation. If it takes the value for a particular commodity greater than one, the country has a comparative advantage in that commodity and vice versa.

After examining the RCA of different product groups, it is important to look at factors that play an important role in the export competitiveness of these product groups. Zhang (2015) is of the view that export competitiveness requires high-quality

infrastructure, advanced technology, large investment in research, and other related factors. In the present study, gross capital formation (current US $), mobile subscription as a proxy for the telecommunication aspect of infrastructure, foreign direct investment (net inflow, current U, S $) and share of high technology (current US $) in exports are selected for analysis.

A country experiences capital deepening with an increase in physical capital which in turn enhances labour productivity. In the present study, gross capital formation is used to capture a share of physical capital in product sectors in which India enjoys comparative advantage. In addition to physical capital, the availability of infrastructure also plays an important role in the trade enhancement of a country with the outside world. Limao and Venables (2001) are of the view that poor infrastructural facilities limit the opportunities for countries to be part of the global economy.

Feenstra (1998), Radelet and Sachs (1998) have highlighted the importance of telecommunication in the trade relationship between countries. Keeping the increasing importance of telecommunication, following Muratoglu and Muratoglu (2016), cellular phone subscription per 100 people is used as a proxy for infrastructure.

Fagerberg (1995) is of the view that high-tech is a term used for industries that develop new products and spend a large share of resources on research and development. In the present study high-tech exports in current US dollars are utilized to examine their role in product sectors in which India enjoys a comparative advantage.

Foreign Direct Investment (FDI) continues an important role in economic cooperation between countries. However, FDI can either be trade-diverting or trade-creating which depends on its role in the host and home economy. In many cases, FDI gets attracted to nations that enjoy a comparative advantage in product sectors that promise high profits. Nachum et al. (2000) suggest that the attraction of FDI in such countries and the emergence of foreign firms may prevent development of local firms who are unable to compete with such foreign firms. In this case, FDI encourages substitute modes of supply and results in the crowding out of domestic firms. Zhang (2015) has examined how FDI has impacted the export competitiveness of China. The results suggest that FDI has played an important role in the enhancement of the export competitiveness of the country due to many factors like domestic learning from MNCs, the absorption capacity of the domestic market, expanding export volume and export upgradation through spillover effect from developed countries. At present, FDI in current US dollars is used to examine its role in product sectors where India has an upper hand with respect to the world.

Given the above discussion, the RCA of product sectors in which India enjoys comparative advantage is dependent variable. Therefore, the model is as:

$$RCA_{IW} = \propto_1 + \propto_2 MCS_{IT} + \propto_3 FDI_{IT} + \propto_4 GCF_{IT} + \propto_5 HTech_{it} + \epsilon_{it}$$

Where RCA is revealed comparative advantage index, MCS is mobile subscription per 100 persons, FDI is foreign direct investment, GCF is gross fixed capital formation, which is high technology exports and ϵ is the error term.

Data Source

To fulfill the objectives of the study, data for exports from India to the world, Total world exports were collected from the ITC trade map Geneva. Besides data for FDI, Gross Capital Formation, mobile subscription per 100 persons, and high technology exports were collected from world development indicators (2019), the World bank.

Estimation Technique

To examine the role of these factors in the comparative advantage of India, the static panel data technique is used to carry out estimation. In previous literature, both fixed-effect and random effect model has been used. However, given the nature of variables and availability of data, the random-effect model is utilized in the present study for the time period 2009-19. All the variables are in log-linear form. Further robust regression is used to deal with the problem of outliners.

Empirical analysis

Revealed Comparative Advantage

Before examining the comparative advantage of India with respect to world, it is necessary to get an idea of what product group dominates the export basket. Table 1 shows the top ten product groups which have dominated the export basket of the country during the analysis period (2004-19). The selected product group was contributing around 52 percent to the export basket in 2004. Among these products, natural or cultural pearls; precious or semi-precious stones, precious metals, and metals clad (71) was dominating the export basket with share of 16.65 percent in 2004 followed by mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral (27) and other products as reported in Table 1. The share of the selected product groups increased to around 57 percent in 2009, declined to around 55 percent in 2014, but increased to around 60 percent in 2019. It should be noted that due to the financial crisis in 2008, there was slow down in world market which may be one of the reasons for decline in share of these exports in exports basket in 2014 as compared to 2009. As compared to the 2004, share of different product groups has changed and in 2019, it was mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral (27) which has emerged as largest contributor to export basket followed by other product groups. It is clear from Table 1 that share of product groups in export basket has changed during the analysis

which is an indication of necessary structural adjustment in the country.

Table 1: Composition of Exports

Product Code	Product Label	2004	2009	2014	2019
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral	8.06	13.58	19.63	13.77
'29	Organic chemicals	4.32	3.94	3.79	5.64
'30	Pharmaceutical products	2.51	2.83	3.67	5.03
'61	Articles of apparel and clothing accessories, knitted or crocheted	3.51	2.93	2.35	2.43
'62	Articles of apparel and clothing accessories, not knitted or crocheted	4.95	3.46	2.85	2.58
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad **...**	16.65	18.44	12.81	11.36
'72	Iron and steel	4.61	2.48	2.85	3.02
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	3.84	4.05	4.28	6.57
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	2.58	5.44	2.83	4.62
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	2.96	3.23	4.56	5.38

Data source: ITC Trade map Geneva

Comparative advantage helps countries to identify products in which they enjoy advantage over other countries given their present economic situation in the domestic market as well as around the world. The RCA index gives an idea of product groups which can be supplied to world market. Table 2 shows the product groups at HS-2digit classification in which India enjoys comparative advantage with respect to world during last one and half decade. In 2004, India enjoys a comparative advantage in 41 product groups which declined to 35 groups in 2009, but increased to 38 groups in 2014, and further to 42 groups in 2019. Table 2 shows only 10 product groups and Table A1 reports rest of sectors in which India was enjoying comparative advantage during the analysis period. It should be noted that RCA is calculated using actual export data. As mentioned above, financial crisis in 2008 led to slowdown in world market and trade relation of India with world has followed the same pattern. The composition of commodities, as well as RCA which India enjoys with respect to world, has experienced a decline after the financial crisis as Tables 1 and 2 indicate.

Table 3 shows the product groups in which India was enjoying comparative advantage in 2004, but over the years lost it to other countries due to necessary structural adjustment in the economy. From the Table, it is clear that the sector in which India has lost comparative advantage are mainly related to agricultural and semi-manufactured sectors. Though it indicates necessary structural adjustment in the economy, these

Table 2: RCA of India with respect to world (2004-19)

Product Code	Product Label	RCA04	RCA09	RCA14	RCA19
'03	Fish and crustaceans, molluscs and other aquatic invertebrates	2.59	1.39	2.83	2.94
'09	Coffee, tea, maté and spices	6.05	3.48	3.31	3.99
'10	Cereals	4.84	2.65	4.96	3.75
'12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	1.86	0.82	1.27	1.02
'13	Lac; gums, resins and other vegetable saps and extracts	11.26	5.23	15.81	6.79
'14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	5.51	3.54	3.52	2.57
'23	Residues and waste from the food industries; prepared animal fodder	3.81	2.32	1.47	1.09
'24	Tobacco and manufactured tobacco substitutes	1.33	1.79	1.32	1.32
'25	Salt; Sulphur; earths and stone; plastering materials, lime and cement	3.74	2.21	2.51	2.56
'29	Organic chemicals	1.62	1.58	1.65	2.53

Data source: ITC Trade map Geneva

sectors require large number of labour force which is an abundant factor in the country.

Table 3: RCA of India with world 2004-19 (loss)

Product Code	Product Label	RCA04	RCA09	RCA14	RCA19
'05	Products of animal origin, not elsewhere specified or included	1.01	0.54	0.64	0.52
'07	Edible vegetables and certain roots and tubers	1.41	1.13	1.01	0.88
'08	Edible fruit and nuts; peel of citrus fruit or melons	1.94	1.05	0.91	0.69
'11	Products of the milling industry; malt; starches; inulin; wheat gluten	1.06	0.27	0.92	0.94
'15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal	1.01	0.56	0.55	0.76
'74	Copper and articles thereof	1.63	1.01	1.32	0.36
'82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	1.17	0.71	0.81	0.76
'26	Ores, slag and ash	6.45	3.47	0.35	0.72
'97	Works of art, collectors' pieces and antiques	3.78	0.92	0.51	0.21
'28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	1.21	0.68	0.71	0.84

Data source: ITC Trade map Geneva.

Similarly, Table 4 shows the product category in which country has gained comparative with respect to world during the analysis period. These product groups are mainly related to semi-manufactured and manufactured sectors. It should be noted here that oil and oil products in which India has gained comparative advantage over the years is not originally produced in India. These products are imported from oil exporting countries in crude form, refined and then exported to other countries of the world. Though oil and related products have emerged as largest contributor to export basket as Table 1 reports, it is not a healthy sign as far as development and utilization of local resources is concerned.

Table 4: RCA of India with world 2004-19 (gain)

Product Code	Product Label	RCA04	RCA09	RCA14	RCA19
'02	Meat and edible meat offal	0.91	0.93	2.29	1.48
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	0.71	0.94	1.22	1.24
'38	Miscellaneous chemical products	0.91	0.91	0.97	1.42
'40	Rubber and articles thereof	0.97	0.69	0.85	1.01
'46	Manufactures of straw, of esparto or other plaiting materials; basket ware and wickerwork	0.18	0.12	0.09	1.03
'69	Ceramic products	0.42	0.41	0.81	1.75
'76	Aluminum and articles thereof	0.53	0.61	0.88	1.67
'78	Lead and articles thereof	0.33	0.99	1.49	3.16
'79	Zinc and articles thereof	0.64	2.47	1.78	1.81
'89	Ships, boats, and floating structures	0.62	1.78	1.93	2.76
'17	Sugars and sugar confectionery	0.44	0.19	1.65	2.91

Data source: ITC Trade map Geneva.

Export Competitiveness

The results of our model are presented in Table 4 which shows that all variables are statistically significant. The results indicate that mobile subscription which is a proxy for the telecommunication aspect of infrastructure is positively contributing to the competitiveness of India with respect to world. Furthermore, FDI has not positively contributed to export competitiveness of products in which India enjoys comparative advantage.

There are two possibilities for this role of FDI in export competitiveness of India. either FDI has crowded out domestic firms or given the nature of product sectors (Refer to Table 2 for detail), foreign firms have not shown interest in these product sectors. Moreover, the sectors in which India enjoys comparative advantage hardly include high-tech products.

Table 5: Determinants of Export competitiveness.

LnRCA	Coef.	Robust Std. Err.	z	P>|z|	[95% Conf.	Interval]
LnMCS	.2034772	.0394621	5.16	0.000	.1261329	.2808215
nFDIcurrent	-.0813142	.0183085	-4.44	0.000	-.1171982	-.0454302
nGCFcurrent	-.1883343	.0656677	-2.87	0.004	-.3170406	-.059628
LnHtech	-.0823722	.0150238	-5.48	0.000	-.1118183	-.0529261
_cons	9.001898	1.664254	5.41	0.000	5.740021	12.26378

Conclusion

The present study attempts to analyze the product categories in which India enjoys comparative advantage in world market. Besides, those sectors in which the country has gained or lost advantage from last one and half decade were also examined. The results indicate that the country lost comparative advantage in 10 sectors but gained advantage in 11 sectors during the analysis period which is a healthy sign for the economic development of the country.

The findings point out that the country needs to focus on sectors which enjoy comparative advantage in world market and make use of domestic resources. The above analysis show that out of ten selected sectors which supply more than 50 percent of export basket, only six sectors enjoy and one sector has gained comparative advantage during this period. This clearly is an indication that country is not benefiting from comparative advantage it enjoys with respect to world.

Given the prevailing economic conditions around the world, policy makers need to focus on those sectors in which India enjoys comparative advantage. However, those sectors which utilize local resources need special attention from the government. India has abundant labor force and there are many sectors which enjoy comparative advantage and require large labor force for the process of production. These sectors also need attention on part of government in terms of input supply, financial resources, infrastructure development and market access.

Limitations of the study

The present study was undertaken at HS-2digit classification which provides information about product group. Each product group consists of many commodities. Future study should be conducted at HS-6digit classification to get a clear idea of commodities in which country enjoys comparative advantage, so appropriate policy can be formulated to benefit from Atmanirbhar program.

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Appendix:

Table A1: Table 2: RCA of India with respect to the world (2004-19)

'30	Pharmaceutical products	1.02	0.83	1.35	1.48
'32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments, and other colouring ...	1.65	1.42	2.07	2.47

'36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	1.13	1.34	0.81	1.52
'41	Raw hides and skins (other than fur skins) and leather	2.71	1.88	2.22	1.63
'42	Articles of leather; saddlery and harness; travel goods, handbags, and similar containers; articles ...	4.09	2.31	1.98	1.64
'50	Silk	16.28	6.81	2.91	2.44
'52	Cotton	6.01	5.24	8.24	6.27
'53	Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn	5.24	4.28	4.38	5.04
'54	Man-made filaments; strips and the like of man-made textile materials	3.04	3.63	2.94	2.66
'55	Man-made staple fibers	3.41	3.11	3.11	2.79
'57	Carpets and other textile floor coverings	9.01	5.47	6.38	6.41
'58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	1.26	1.27	1.77	1.91
'61	Articles of apparel and clothing accessories, knitted or crocheted	2.78	2.27	1.86	1.91
'62	Articles of apparel and clothing accessories, not knitted or crocheted	3.34	2.72	2.31	2.05
'63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	7.52	3.81	4.13	4.52
'64	Footwear, gaiters, and the like; parts of such articles	1.69	1.25	1.25	1.06
'67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles ...	3.27	3.53	1.91	1.46
'68	Articles of stone, plaster, cement, asbestos, mica, or similar materials	1.98	1.78	1.59	1.83
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	8.41	6.95	3.36	3.39
'72	Iron and steel	1.67	1.11	1.31	1.52
'73	Articles of iron or steel	1.69	1.31	1.41	1.37

Vulnerabilities of India's Diaspora Engagement Policy: A Case of Indian Diaspora in Iran

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Abstract

Since the year 2014, India has adopted Diaspora Engagement as an important foreign policy and soft power alternative. India's ply for enriching diaspora engagement in strengthening soft power capacity in most of the countries has been a positive force, except for some like Iran where India has not been able to engage its diaspora in line with foreign policy and soft power capabilities. Indian Diaspora in Iran can be a suitable tool to enhance mutual trust and cooperation. From the foreign policy perspective, the element of 'diaspora' has usually been regarded as one of the powerful soft power diplomacy instruments. Like the Chinese Diaspora being attributed for playing a major role in the transformation of China into a modern industrial society, they are the single largest source of foreign investment in China. Similarly, the Jewish diaspora has exercised an influential role in shaping US and West European policies towards Israel. Indian Diaspora has also been cherished for their contribution to upholding the activities giving a boost to the status of the homeland. Indian diaspora almost exists in every part of the world and is making a considerable contribution, like that of the Indian diaspora in The US. The Indian Diaspora in the US is very active not only in the economic dimension but also in the political and cultural spheres. The Indo-Iran relations are age-old and both nations regard their Diasporas as their best diplomatic alternatives. Being the best soft power technique as well as the cherished element of India and Iran relations it becomes necessary to analyze the role of the Indian diaspora in Iran to understand 'what went wrong?'. Therefore, this paper focuses on the role of the Indian diaspora in Iran from its beginning to the current scenario; explores its dimensions to explain its decline. The paper aims to view the scope of the Indian diaspora in building mutual trust and cooperation between India and Iran.

Keywords:

Indian Diaspora, Challenges, Foreign Policy, Post 2014 Scenario.

Introduction

Some of the essential elements of the contemporary global system are interconnectedness, interdependence, and collective good problem-solving objectives.

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Therefore, we have relations between nations that are more integrated and complex, wherein, national interests and foreign policy priorities play an important role in defining the relations between nations. Since the Covid-19 health emergency, it was evident that the relations between nations do not necessarily demand the internal priorities of any nation, rather relations were more dependent on collaboration and coexistence. Even in presence of territorial boundaries nations are interconnected and there are interlocking units of the international system (John Burton, 1972). Meaning thereby that beyond governmental links there do exist some more units that encourage cooperation between the nations that also include soft power diplomatic instruments and Diaspora engagement is one of them. Soft power can persuade countries to do what it wants without force or coercion (Nye, 2011). Diaspora is an essential element of soft power that can play an influential role in strengthening relations between two nations.

The concept and emergence of the diaspora have traces in Jewish history and the subsequent displacement of the Jewish population after the destruction of the temple of Jerusalem in 70 A.D. which occasioned a mass exodus of Palestine's Jewish population (Ages, 1973). Diasporas contribute to transnational communities out of emigration and every nation has its portion of overseas communities. Contemporary Diasporas are 'ethnic minority groups' of migrant origin residing and acting in host countries but maintaining strong sentimental links with their countries of origin-their homelands (Sheffer, 2006). Every nation's Diasporas works as an influential instrument of Foreign Policy goals in that economy, private sector development, foreign aid, or knowledge exchange Programmes (Brinkerhoff, 2007). As migration is increasing Diasporas are likely to become increasingly important players on the global stage (Raja Mohan, 2003). Some famous Diasporas in the world include the Chinese Diaspora, Jewish Diaspora, American Diaspora, and Indian Diaspora (NRIO, 1997).

The existence of the Indian Diaspora is witnessed almost all over the world but its imprint dates to ancient India wherein initially Indians led the religious and trade contacts with other civilizations like the Greeks and the Mesopotamians. Later, Buddhist monks added to the overseas emigration to spread religious gospels across South and Southeast Asia. The Indian Kings also focused on spreading links and bonds beyond their territories to strengthen their image and prestige (Tinker, 1979).

Initially, Indian Diaspora according to Tinker is a combination of push and pull the push of inadequate opportunity in South Asia and the pull of better prospects in the West. Indian essentialities inspired overseas emigration in which cultural and religious impediments were some major reasons during the ancient and medieval periods but soon with the emergence of the industrial era the emigration was based on vocational, educational, livelihood, and other related opportunities. In the present scenario, the Indian Diaspora or Indian overseas mainly either aim to secure economical goals, obtain better

opportunities, or are fascinated by the living standard, especially the European or Western lifestyle.

Diaspora is an essential element of foreign policy and plays an influential role in soft power diplomacy. No doubt the hard power capabilities of a nation strengthen its strategic image, but soft power imbibes the vibes of cooperation between nations more easily. The role played by overseas Indians during the colonial and post-colonial phases in Indian history was played by their active and awakening role in the countries they migrated. For instance, the Gadar movement was initiated in California; Azad Hind Fauj received tremendous support from Indian communities in Southeast Asia; and Indian communities in the UK, Fiji, Guyana, Canada, and the USA initiated and upheld the political awakening regarding freedom and rights of Indians.

Indian Diaspora greatly contributed to channeling the national interest of India. Soon after the independence of India, the Indian government headed by Pt. Jawaharlal Nehru greatly upheld the contribution of Indian overseas in bringing peace to their native country and safeguarding the rights of Indians (Dubey, 2003, 45). Similarly, every Indian government so far has been keen on encouraging and engaging Indian Diaspora in retaining and extending national as well as foreign goals. For Instance, the role played by the Indian Diaspora in the US in removing the sanctions on India after its nuclear tests in 1998 was also cited by the then Indian Prime Minister Manmohan Singh, Indian Diaspora in the US also played a useful role in their lobbying efforts in the signing of Indo-US Civil Nuclear Agreement (Kumari, 2017). Although almost all the governments to date have made a considerable effort to secure national and foreign policy goals by engaging the Indian Diaspora but the nature and technique of engaging the Indian Diaspora of the existing government led by Prime Minister Narendra Modi has been vibrant and visible. Prime Minister Narendra Modi has always maintained that the Indian Diaspora as ambassadors of India as securing the goal of "Bharat ki Baat, Sabke Saath". This not only influences the soft power diplomacy style of India but also magnetizes Indian Diaspora worldwide (ET, 2014).

The Contemporary status of the Indian Diaspora worldwide is of commendable scope. Their contribution is wide and includes diverse dimensions of Development. Indian Diaspora contributes to economic development and trade by facilitating remittance, food, culture, science and technology, education, health care, philanthropy, and much more (Sharma, 2013). It is Indian Diaspora that not only channels foreign policy goals but helps in extending native culture and tradition, secularism, Indian art and knowledge sharing, Yoga, and Ayurveda. Consequently, Diaspora acts as a base for the transmission of other soft power instruments of India. Today Indian Diaspora is the world's 2nd largest Diaspora and is among the best-educated and most successful communities in the world (UNDESA, 2021).

The Indian Diaspora in Iran

Indian Diaspora has its traces almost all over the world and going through Indian history we witness the first movement or migration of Indians attracted by trade and economic adventures. Iran has been India's best destination in the Middle East. The formal emigration of Indians towards Iran started in the early 19th century when Indian Parsis from Gujrat and Mumbai (erstwhile Bombay) revived the Zoroastrian faith. By the 1930s around families went to Zahedan and Tehran cities of Iran who mainly were Gujratis and Sikhs. Before the Islamic Revolution Indian doctors, engineers and teachers migrated to Iran which was influenced by the Shah of Iran's open policies but most of them moved back to India after Revolution. Trade has been a central theme of the pre-revolution Indian movement to Iran. Even Ibn Battuta refers to the presence of Indian merchants in parts of Hormuz in the 14th century (Ages, 1973).

Moreover, the presence of Indians in Iran had been very large by the 17th century, this has been cited by Dutch travelerOlearius maintained 'ten to twelve thousand Indians lived in Isfahan alone and another traveler Thevenot thought that Indian population in Iran was about fifteen thousand (Tinker, 1974, 112). However since Revolution Indian Diaspora (mainly Sikhs) had made a continuous settlement in the Zahedan province of Iran, 1979 it counted about 250 Sikhs living in a tightly knit community separate from other ethnic groups and related to business and trade activities (Jain, 2003). There is a school maintained by Kendriya Vidyalaya Sangathan established in 1955, and a gurudwara established in 1941 which exists as a statue of harmony and oneness for India-Iran relations (Indian Embassy, 2021). The decline in Indian Diaspora in Iran can be analyzed through the following perspectives

Post-Islamic Revolution and a factor of mistrust

The Islamic Revolution of 1979 changed the overall structure and system of Iran's socio-political, economic, and cultural dimensions. In the political sphere, Iran became a theocratic state based on Islamic principles and the Shah regime came to an end.

This not only changed Iran's national identity but also changed the social and cultural scenario of Iran. Revolution altered the lifestyle of Iranians as well and hence Indian Diaspora in Iran (who mainly were Sikhs) witnessing all these changes went back to their homeland. The trust deficit in Indian Diaspora was a natural outcome of the Islamic Revolution in Iran. India needs to re-look at its policies regarding the Indian Diaspora in Iran in which encouragement and rapprochement are major instruments to build back the confidence of Indians in Iran. Continuous acknowledgment and vigilance regarding the contribution and issues of Indians in Iran can be practical efforts of the Indian government.

Prolonged History of Regional and International isolation, Sanctions and Iran's nuclear program

Iran's fate as a regional power in the Middle East received a major blow after the International isolation led by its Nuclear Program. A series of nuclear tests were launched during the Shah regime in Iran with the assistance of the USA and Europe. Although the work of Iran's nuclear program was started before the revolution the actual framework and work on these activities started after the revolution. Iran was already a signatory of the Non-Proliferation Treaty (NPT) and thus was regarded to be a violator of the law. After several inspections by a team of the International Atomic and Energy Association IAEA Iran was regarded violator of the treaty and consequently, international sanctions came into force on Iran (Jan, 2016). Iran was isolated internationally which not only altered the economic conditions but also the general morale of Iran. The Indian Diaspora in Iran (mainly associated with trade and business) was also influenced due to sanctions as economic isolation hit their work as well.

Iran's economic vulnerability and internal commotion

Economic isolation created a standstill position in Iran's economy and opposition to the government also increased this led to internal disturbance as well (Abrahamian, 2008). Pressures on the economy increased which was reflected in the form of loss in health care and livelihood. Iran's economy is scrutinized and dominated by the state which is mainly the recipient of revenues from oil export. Sanction (past and present) curtails the activities of Iranian oil companies (Gal and Minzili, 2011). The sanctions and Iran's isolation not only stressed Iran's economy but also had psychological implications for the citizens as well as the Indian Diaspora. Indian Diaspora preferred to come back to India or turn to any other nation in the Gulf. One of the factors behind the economic disturbance in Iran is economic mismanagement (Aghazadeh, 2014).

Fewer opportunities in the private sector

As the Gross Domestic Product declined and inflation increased, the problems escalated due to weak platforms for the private sector, especially for an external actor like India or others (Jan, 2016). The Covid-19 pandemic enhanced the struggles of Iranian people to overcome the ever-growing US pressures, this also influenced the Indian Diaspora in Iran to survive the blows on economic activities that are already very less diversified. No doubt India in the oil sector is exploring the private sector capacities of Iran but that is just one aspect. If the Indian private sector in banking, science, technology, and other spheres could have encouraged a wide range of diaspora involvement as well as the interest of other Indians who view Iran as the future economic destination. India has

developed immensely its private sector, and innovation and brought about a digital boom. Iran can be a suitable destination to attract the young generation of Iran as well as create an employment sector in Iran that can also benefit India as well.

Governmental negligence towards Indian Diaspora

The current total of the Indian community is just about 4000 Indian nationals, with about 2800 Indian nationals pursuing theological studies in Qom, Mashhad, and Esfahan (MEA, 2021). The governmental efforts from both sides are considerable concerning Indian community engagement however this is only a one-sided perspective. As asserted by Nye and Keohane in present global politics the nature of relations between nations is much more interdependent and this interdependence is determined by certain components like hierarchy, multiple channels, and others (Keohane and Nye, 2012). Here multiple channels also constitute people-to-people relations, the private sector, and transnational actors. If governments from both sides (India and Iran) evolve the systematic technique of engaging overseas communities both will be benefitted especially in the sanction scenario. Keeping Indian Diaspora in focus Indian Leadership can explore many avenues available in drift-ridden Iran.

Indian Diaspora and Covid-19

Since the onset of Covid-19, there has emerged a scenario where every nation is influenced by this health emergency, and cooperation between nations is pivotal. As Indian Government has shown keen interest in safeguarding its Diaspora rights (scattered all over the world) it is reasonable to say that Indian Diaspora rights have been overshadowed by the Iran-US nexus. India's agenda of reaching out to all nations (in general) and its age-old friends (in particular)seems to be less achievable due to its tilt toward the United States. Post Covid-19 scenario showcased the vulnerability and conclusiveness of the Indian Diaspora all over the world. One of the constructive implications was the two-way Diaspora engagement that included the role played by Indian Government and the Diaspora all over the world. Indian Diaspora in Iran (though a very less number) received well-treatment from the Iranian Government (Chegeni, 2020). Enhancing the relations via Diaspora engagement could have impacted positively Indo-Iran relations as well (Purayil, 2020).

Conclusion

Indian Diaspora in numerous countries is considerably achieving the soft power targets of the nation by exploring diverse avenues keeping in view the contemporary essentialities in the economic sector as well as cultural aspects however, Indian Diaspora

being very less and limited to a specific area and field is not flouring to that level, thus leading to a gap in soft power abilities of India as a powerful and ambitious nation. Indian leadership gives considerable space and status to its Diaspora but hardly demonstrates any vivid concern about its Diaspora in Iran, developing cultural ties is not enough. Indian foreign policy has reached an influential, vibrant and notable level. The global status of India is also regarded to be powerful and important. It becomes certain for India to secure its national interest and balance its foreign policy goals. The economic dimension is at a strong level and currently, the government is keen enough to establish and flourish its relations with other nations beyond economic and commercial ties. The use of soft power is cherished and more specifically Indian Diaspora is regarded to be an essential element of Indian Foreign Policy objectives. Indian Diaspora in the West, Europe, and East Asia has been able to engage the Indian government as well as their chosen nations through their positive lobbying efforts. However, Indian Diaspora in Iran besides being less has been able to evolve cultural vibes and not beyond that even being associated with economic avenues, business, and trade. India's soft power instruments in Iran need to be relooked at and engaged positively as well as diversified. Iran is an important nation in the Middle East that is not only is Indian economic partner but also a connector, transit, and an important part of its foreign policy towards Central Asia, Afghanistan, Pakistan, the Middle East, and beyond. Keeping in view India's foreign policy objectives in Iran and the region, India hence needs to readjust its technique of engaging its Diaspora in Iran. Since the Covid-19 health emergency, International System has greatly witnessed the necessity to uphold coexistence and cooperation between all nations, and relating this fact with the Diaspora engagement policy nations can enhance the soft power capacities more positively. And Indian Diaspora (if engaged effectively) can bring new horizons into Indo-Iran relations by being collaborators and warriors in this state of emergency as did the Parsi Diaspora in India during the outbreak of Covid-19 which on the one side, brought the Iranian Parsi Community closer to Indian, and strengthened the soft power dimension for India on the other.

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India's Central Asian Policy: In Pursuit of a New Geopolitical Agenda

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Abstract

This paper looks at India's Central Asian strategy and the new geopolitical possibilities that have arisen since the Modi regime took over India. The paper draws on the existing literature to analyze the factors like regional geopolitics, economic interests, cultural linkages, and security concerns that have influenced India's policy towards Central Asia. Trade and investment, people-to-people ties, and strategic collaborations are highlighted as increasingly important to India's involvement with the republics of Central Asia. The paper concludes by assessing the prospects for a stronger and more successful Indian involvement in Central Asia and outlining the many obstacles that must be overcome to bring about such an engagement. The article's purpose is to fill in some of the gaps in the current literature on India's Central Asian strategy by providing a more thorough appraisal of the policy.

Keywords

India, Central Asia, Geopolitics, Connect Central Asia

Introduction

The relationship between India and Central Asia has been largely overlooked in the world of international relations, yet it is an important one that has the potential to reshape the geopolitical landscape in the region-India's Central Asian policy result from its growing regional economic and strategic interests. India seeks to promote regional economic integration and stability while actively pursuing a new geopolitical agenda to ensure its place in the region. This essay will explore India's Central Asian policy, analysing its objectives and the challenges that India faces as it seeks to increase its influence in the region .[1]

Central Asia and India have a long-shared history and culture that dates back centuries. From the popularisation of Buddhism in both regions to the development of

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influenced by the religion.[2] Sanskrit was an important language of communication and trade between the two and was used as a written language for both religions and governmental documents. This shared language helped both regions form a common culture with shared values and beliefs. Central Asia and India have similar forms of oral and written literature passed down through generations. This helps to create a shared sense of identity and culture. Overall, there are many commonalities in the history and shared culture between Central Asia and India. Many similarities link the two regions, from their shared use of the Silk Road to their shared language and literature.[3]

The shared history and culture between Central Asia and India have been a source of great fascination for scholars throughout the centuries. From the days of the Silk Road to the Mughal Empire, the exchange of goods, ideas, and culture between these two regions has been a vibrant and meaningful part of human history. This exchange has been demonstrated in the shared language, religion, art, music, and architecture, which all demonstrate the commonalities between Central Asia and India. The shared religious practices and beliefs between Central Asia and India, including Buddhism, Hinduism, and Islam, illustrate the strong ties between the two regions.[4] The architecture of both regions also reflects this relationship, with Indian and Central Asian styles often blending to create distinct and beautiful monuments. Music and art are also a shared source of pride between the two regions, with drums, strings, and wind instruments playing a prominent role in both cultures. The commonalities in history and shared cultures between Central Asia and India are a testament to the importance of cultural exchange in furthering human progress. Through the exchange of ideas, beliefs, and customs, we can continue to build bridges between cultures and create a better world for everyone.[5]

Central Asia and India have a long history of shared cultures, languages, and customs. Both have a long and complex history that has shaped numerous migrations of different peoples and cultures. Despite the many differences between the two regions, there is a strong foundation of commonalities between them, from the shared use of the Sanskrit language to the many religious beliefs and practices, passed down from generation to generation. These commonalities have helped shape both regions' social and economic development and have created a bridge of understanding and appreciation between them.

Literature Review and Methodology

Secondary sources such as journal articles, books, news articles, and other relevant sources also helped to understand India's Central Asian policy better. The authors analyse the historical context of India's Central Asian policy and the various developments that have shaped its current policy agenda. We compare India's Central Asian policy with other countries to better understand the geopolitical dynamics. A few

interviews with experts in international relations and Central Asia to gain a better understanding of India's Central Asian policy and its implications have also been cited at relevant places.

Several authors have highlighted the significance of India's Central Asian policy in the context of the region's growing importance on the international geopolitical stage. For instance, M. S. Roy has argued that India's policy towards Central Asia reflects the country's desire to establish itself as a regional power and gain access to valuable regional resources and markets.[6] Roy further argues that India's policy towards Central Asia is also motivated by its desire to counter the increasing influence of China in the region. Blank (2020) examines India's policies in Central Asia and argues that India is seeking to pursue a new geopolitical agenda in the region. Blank also discusses the history of India's relations with Central Asia, the current geopolitical climate in the region, and the economic and strategic interests that India is pursuing.[7] Sharma (2009) evaluates India's policy in Central Asia and assesses the challenges and opportunities India faces. Sharma examines India's various political, economic, and security interests in Central Asia, including its energy security interests and the implications of India's policy on the region's stability.[8] S Moore provides a strategic perspective on India's engagement with Central Asia. The author examines the various strategic considerations that India needs to take into account when engaging with the region and explores the potential for India to use its soft power to build stronger ties with Central Asian countries.[9] Stobdan (2014) maintains that Central Asia is a strategically important region for India and that India must take proactive steps to protect its interests in the region. He stresses the need for India to develop diplomatic, political, and economic ties with Central Asian states and to engage in security cooperation with them. He also argues for better coordination between India and other major regional powers, such as Russia and China, to ensure security and stability in Central Asia.[10] Besides, Adnan and Fatima (2020) analyse India's economic and security interests in Central Asia and the current challenges and opportunities facing India in the region.[11] Other authors have focused on the strategic implications of India's Central Asian policy. Roy (2013) emphasises India's need to develop a comprehensive strategy to manage its relations with Central Asian countries. She argues that India should focus on deepening economic ties, strengthening political and security cooperation, and expanding cultural and educational linkages.[12] Meanwhile, Wani (2020) examines the opportunities and challenges posed by India's engagement in Central Asia. He argues that India's economic interests and regional security concerns have been the main drivers of its policy towards Central Asia and should continue building regional partnerships for peace and economic development.[13] Finally, Ramakrushna (2020) looks at India's energy security interests in Central Asia and argues that India should explore new avenues for cooperation with Central Asian countries. The author suggests that India should focus on tapping into

the region's natural resources and developing closer economic ties.[14]

What is lacking in the existing literature is the focus on how India's foreign policy is being shaped to address the changing geopolitical dynamics in Central Asia. Specifically, there is a lack of research on how India is renegotiating its relations with Central Asian nations, what new strategies are being developed to maximise India's interests in the region, and how India is responding to the changing geopolitical environment in Central Asia. Besides, there is a lack of research on how India's Central Asian policy impacts the region's security and economic development and what implications this policy has for other countries. Finally, an analysis of the economic and diplomatic implications of India's Central Asian policy is needed to understand the long-term implications of India's geopolitical pursuits in the region.

This paper seeks to plug the existing gaps by arguing that India's Central Asian policy is driven by its pursuit of a new geopolitical agenda. This agenda seeks to maximise India's regional strategic interests by pursuing a balanced approach that incorporates economic and security interests. The paper also argues that India's policy must be framed with a strong emphasis on economic engagement, regional stability, and protecting its strategic interests. Further, the paper highlights the importance of India's involvement in regional security and cooperation and its need to act as a bridge between Central Asia and South Asia. Finally, we contend that a commitment to regional integration and promoting regional stability and prosperity must underpin India's Central Asian policy.

Theoretical Framework

Realism, one of the dominant perspectives in International Relations (IR), is broadly synonymous with pursuing self-interest, power, and security in the international system.[15] It views India's policy towards Central Asia in terms of how it can protect its interests and gain greater influence in the region. Neoliberal institutionalism,[16] on the other hand, looks at the role of international institutions in helping to create a more stable and secure international order. It views India's policy as a way of participating in international organisations and institutions in order to shape regional dynamics in Central Asia and create a more secure regional environment. The other theoretical framework, Constructivism, analyses the role of ideas and norms in shaping international relations.[17] It views India's policy as promoting its values and norms in the region to create a more stable and secure environment. Last but not least, the idea of complex interdependence[18] looks at the multiple, interconnected issues that are involved in international relations. It views India's policy as a way of engaging with the complex relationships between countries and actors in the region. It considers the factors that shape the region's dynamics, such as economic, political, cultural, social, and security. This approach also considers India's impact on the region and the region's impact on India.

Therefore, realism, liberal institutionalism, constructivism, and complex interdependence, when juxtaposed, provide a comprehensive understanding of international relations. These frameworks acknowledge the importance of power, institutions and norms, identity, and the interconnectedness of states in international politics. They highlight the complexity of international relations and the need to consider multiple perspectives to understand India's forays into Central Asia better.

This paper explores India's geopolitical agenda in Central Asia in light of the above discussion. It examines India's regional interests, strategic objectives, and diplomatic/economic initiatives. It looks at India's role in regional security, its attempts to strengthen regional ties, and its efforts to build deeper economic and political ties with the region. It also examines the implications of India's Central Asian policy on India's broader geopolitical agenda, both in the region itself and beyond. Finally, the article provides a roadmap for India's future strategy in Central Asia.

Commonalities in History and Shared Cultures

Central Asia and India have a long-shared history and culture that dates back centuries. From the popularisation of Buddhism in both regions to the development of trade routes and the shared use of the Sanskrit language, there are many commonalities between the two regions.[19] The Silk Road was an important trade route that connected Central Asia and India, allowing for the exchange of goods and ideas. This trade route has been credited with the spread of Buddhism from India to Central Asia and vice versa, with both regions becoming heavily influenced by the religion. Sanskrit was an important language of communication and trade between the two and was used as a written language for both religions and government documents.[20] This shared language helped both regions form a common culture with shared values and beliefs. Central Asia and India have similar forms of oral and written literature that have been passed down through generations. This helps to create a shared sense of identity and culture. Overall, there are many commonalities in the history and shared culture between Central Asia and India. Many similarities link the two regions, from their shared use of the Silk Road to their shared language and literature.[21]

The shared history and culture between Central Asia and India have been a source of great fascination for scholars throughout the centuries. From the days of the Silk Road to the Mughal Empire, the exchange of goods, ideas, and culture between these two regions has been a vibrant and meaningful part of human history. This exchange has been demonstrated in the shared language, religion, art, music, and architecture, which all demonstrate the commonalities between Central Asia and India. The shared religious practices and beliefs between Central Asia and India, including Buddhism, Hinduism, and Islam, illustrate the strong ties between the two regions. The architecture of both regions

also reflects this relationship, with Indian and Central Asian styles often blending to create distinct and beautiful monuments. Music and art are also a shared source of pride between the two regions, with drums, strings, and wind instruments playing a prominent role in both cultures. The commonalities in history and shared cultures between Central Asia and India are a testament to the importance of cultural exchange in furthering human progress. Through the exchange of ideas, beliefs, and customs, we can continue to build bridges between cultures and create a better world for everyone.[22]

Central Asia and India have a long history of shared cultures, languages, and customs. Both have a long and complex history that has shaped numerous migrations of different peoples and cultures. Despite the many differences between the two regions, there is a strong foundation of commonalities between them, from the shared use of the Sanskrit language to the many religious beliefs and practices, passed down from generation to generation. These commonalities have helped shape both regions' social and economic development and have created a bridge of understanding and appreciation between them.

Indian Presence in Central Asia

Throughout history, India and Central Asia had a lot of interaction. These close ties with Central Asia began during the Delhi Sultanate and lasted until the fall of the Mughal Empire. However, the dawn of British control in India marked the beginning of the decline of ties with Central Asia. Though, following its independence, India continued to be a loyal ally of the Soviet Union. It has strong relations with the countries formerly part of the Soviet Union.

In light of Indo-Soviet relations, India's ties to Central Asia were rekindled when it gained independence in 1947. India kept in constant communication with CARs even after the rest of the world lost interest in them. During the Soviet period, India's friendly connections with the Soviet Union gave it an advantage over its near and distant neighbours and allowed it to advance further into Central Asia. When compared to other countries, Central Asia was more welcoming to Indian leaders and tourists. During the height of the cordial Indo-Soviet relationship, direct interactions between India and Central Asia flourished in a wide range of spheres, including commerce, education and culture, science and technology, cinema, etc., leading to a deeper understanding between the two regions. Flights to Tashkent from Indian Airlines used to leave every other week.[23]

All the interactions happening in the current times between India and Central Asia are founded on these long-standing links. After the independence of the five Central Asian Republics, India was the first to establish diplomatic representation in their respective capital cities. India has known for some time that Central Asia is strategically vital. When Mr. Narsima Rao, then India's prime minister, visited Central Asian countries just a few

years after they gained freedom from the Soviet Union, he ushered in a period of cordial relations between the two regions. In 1992, Mr. Narsima Rao travelled to Kazakhstan and Uzbekistan; in 1995, he travelled to Turkmenistan and Kyrgyzstan. In 2002, Atal Bihari Vajpayee travelled to Tajikistan. Several cooperation agreements were made, and there was a robust exchange of visits between the presidents of India and Central Asia.[24]

Modi visited the five states of Central Asia in July 2015, at which time 22 agreements were inked. He also inked a bilateral uranium purchase agreement with Kazakhstan, which currently accounts for almost 80% of India's uranium imports, alongside accords on defence, military, technical cooperation, trade, tourism, and culture. When the Taliban took over Afghanistan, India utilised its airbase in Ayni, Tajikistan, to evacuate its citizens.[25]

India must design its energy supply sources from novel avenues to keep up with its rapid economic expansion and meet the rising demand for energy. Central Asia is an option in this regard. Not only is the region geographically convenient for India, but it also has a deep cultural heritage with India.[26] Hydrocarbon deposits in Central Asia are enormous. The Indian economy is one of the world's most dynamic economies. India's appetite for energy has grown enormously. According to Leena Srivastava and Ritu Mathur, "strong growth in GDP results in a higher output of goods and services, having ramifications in terms of increasing energy demand in the economy."

Central Asian countries like Turkmenistan, Kazakhstan, and Uzbekistan have significant hydrocarbon resources. These states have put in much work to transition since the fall of the Soviet Union. Since energy resources are in high demand in international markets, these countries have devoted considerable resources to advance in the energy sector. The location of Central Asia is both strategically and economically valuable. This area is fenced by some of the world's most vibrant economies. Further, the region's resources probably have become a magnet for the eyes of global superpowers and emerging nations and a critical component in developing domestic economies. The energy industry accounts for a disproportionately large portion of these states' GDP.[27]

Powers like the United States of America, China, India, Russia, Turkey, Iran, and others compete to control Central Asia's abundant oil resources. Their heated competition is often called the "New Great Game." Every country in the "New Great Game" is looking for ways to expand its sphere of impact in the region. Foreign nations have geopolitical and economic interests in the zone.

India's Connect Central Asia Policy: Rebalancing Economic and Security Interests

India's Connect Central Asia (CCA) policy seeks to forge strong ties with the countries of Central Asia in order to boost economic growth, strengthen security and

deepen cultural understanding. This policy has been in effect since the early 2000s and is a key part of India's larger foreign policy. It is based on the idea of 'Connectivity,' which involves the creation of physical and digital infrastructure that links various countries. This policy focuses on improving existing transport networks, including road, rail, and air, and developing digital connectivity through establishing fiber optic networks. This policy also includes provisions for increased trade and investment between India and Central Asia, focusing on the development of energy resources, pharmaceuticals, and IT services. India's CCA policy has already seen some success, with many agreements being signed between India and Central Asian countries.[28] These include a trilateral agreement for developing a gas pipeline between India, Turkmenistan, and Afghanistan, as well as an agreement with Uzbekistan for constructing a railway line connecting India and Central Asia. In addition, India has signed several agreements with Kazakhstan, Tajikistan, and Kyrgyzstan, which focus on improving trade and economic relations.[29]

India aims to develop a lasting and cooperative relationship with CARs. As such, India has increased its involvement with the region more precisely. In 2012, New Delhi launched its 'Connect Central Asia' policy to promote higher political, economic, and people-to-people interaction between India and Central Asia. This policy reflects India's desired role in the area and is a way to re-establish connections with an area with which India has a shared history.[30] In June 2012, Minister of State for External Affairs E. Ahmad spoke during the first India-Central Asia Dialogue in Bishkek and explained the new policy approach. He stated that India is taking a closer look at the region through its "Connect Central Asia" policy. This policy focuses on pro-active political, economic, and people-to-people engagement with Central Asian countries,individually & collectively.[31]

In October 2012, India's Vice President, M. Hamid Ansari, expressed his views on India-Central Asia relations, noting that India's primary interest was maintaining stability in the region. He argued that the new post-Soviet realities necessitated a redefinition of India's strategic interests.[32] India's External Affairs Minister, S.M. Krishna, further bolstered these efforts with a two-day visit to Tajikistan in July of the same year. This marked the beginning of India's "Connect Central Asia" policy, which focused on the four Cs: commerce, connectivity, consular relations, and community service. Subsequently, two dialogues between India and Central Asian states took place in Kyrgyzstan in 2012 and Kazakhstan in 2013. The Track-II India-Central Asia Interaction forum was established to facilitate dialogue between academics, scholars, government officials, and business people from both regions, providing valuable insights to both sides' governments.[33]

India's new policy approach aims to strengthen its ties to the rest of Eurasia. To achieve this, the country plans to promote increased interaction between its people and the rest of the world in economics, politics, strategy, education, infrastructure, culture, and

communication. As part of its "Connect Central Asia" agenda, India intends to build a medical centre and university in Kyrgyzstan. Additionally, it will leverage its soft power in IT, culture (especially dance), networking with young politicians (especially students), and the academic community to strengthen its standing in Central Asia.[34]

Two countries have exchanged high-level visits, including Prime Minister Manmohan Singh's to Kazakhstan in 2011 and President Islam Karimov of Uzbekistan's to India in May. President Nursultan Nazarbayev visited Delhi and President Pratibha Patil Tajikistan in 2009. Tajik President Emomali Rahmon visited India in September 2012, India's Vice President Hamid Ansari went to Tajikistan and Uzbekistan in April, and May 2013, and External Affairs Minister Salman Khurshid travelled to Kyrgyzstan and Uzbekistan in September 2013.

In November 2021, India held a meeting with the national security advisors of the five Central Asian nations. This was followed by the third meeting of the India–Central Asia Dialogue in December, where their respective foreign ministers highlighted the 'civilisational, cultural, trade and people-to-people linkages' between India and the region. To further strengthen the ties, Indian President Ram Nath Kovind recently visited Turkmenistan for a meeting with its newly instated President Serdar Berdimuhamedow.[35] These developments reflect the growing political relations between India and Central Asia.

India's CCA policy is a comprehensive strategy to strengthen its relationship with the Central Asian countries. It aims to deepen economic and cultural ties, promote regional stability and security, and enhance India's regional presence. The policy has been implemented through a number of measures, including the launching of the India-Central Asia Dialogue and the India-Central Asia Business Council, increased economic cooperation and the promotion of trade and investment, the establishment of new educational and cultural exchange programs, and the strengthening of defence and security ties.[36] However, there are certain drawbacks to the policy. Firstly, India has limited economic resources and cannot compete with the larger regional powers such as China and Russia. Secondly, the lack of a comprehensive regional security framework and numerous unresolved conflicts in the region have hindered India's influence in Central Asia. Thirdly, there are still significant cultural and religious differences between India and many Central Asian countries, making it challenging to build strong ties.

It is difficult to say with certainty whether India can sustain its Connect CCA policy in view of China's BRI. India has its interests in Central Asia and will likely continue to pursue them, but it will likely have to compete with China for influence in the region.[37] India has been attempting to build stronger ties with Central Asian countries through initiatives such as the Tashkent Declaration and the International North-South Transport Corridor (INSTC), but it is unclear if these efforts will be enough to counteract

the influence of China's BRI.[38]

Overall, India's CCA policy has been a positive step towards strengthening the relationship between India and the Central Asian countries. However, it will require further efforts to bridge the gap between India and the Central Asian nations, particularly in trade, investment, and technology transfer. India should focus on increasing its presence in Central Asia through its embassies, trade offices, and other diplomatic missions. India should also establish more strategic partnerships with regional organisations like the Shanghai Cooperation Organization (SCO) and the Eurasian Economic Union (EEU).[39] Additionally, India should explore avenues for greater regional cooperation in energy, security, and defence. India should also make a concerted effort to increase collaboration with Central Asian nations in areas such as education, healthcare, and telecommunications. Finally, India should continue to engage with Central Asian countries through multilateral dialogue and exchange programs in order to foster a deeper understanding of each other's cultures and values.

The following ways can further strengthen CCA policy:

1. Increase India's Investment in Central Asia: India should increase its investment in Central Asia in order to strengthen the Connect Central Asia policy. This can include investment in infrastructure, energy, technology, and other projects that will benefit both India and Central Asia.
2. Strengthen Diplomatic Ties: India should strengthen diplomatic ties with the countries of Central Asia. This includes establishing a stronger presence in Central Asia, conducting more frequent high-level visits, and engaging in regular dialogue with the countries of the region.
3. Promote Cultural Exchange: India should promote cultural exchange between India and Central Asia. This can include hosting cultural festivals, encouraging educational exchanges, and facilitating the exchange of ideas and knowledge between the two regions.
4. Enhance Trade and Investment Ties: India should enhance trade and investment ties with Central Asia. This can include reducing trade barriers, creating special economic zones, and exploring joint venture opportunities between Indian and Central Asian companies.

Having said this, the CCA policy has opened up tremendous opportunities for India to develop stronger strategic and economic ties with the Central Asian region. It will help India to access the resource rich Central Asian markets, build stronger people-to-people ties and bolster India's strategic presence in the region. The policy also allows India to align with the region's economic interests and establish a stronger presence in the energy sector. However, there are certain challenges that India needs to overcome to make

the most of the policy. Firstly, India needs to ensure that it does not become overly reliant on the Central Asian countries for its energy needs. India needs to diversify its energy sources to avoid any potential disruption in the supply of energy from the region. Secondly, India needs to ensure that it does not become overly dependent on Russia for its access to the region. India needs to build strong diplomatic and economic ties with the Central Asian countries to ensure that India is the gateway to the region. Finally, India needs to focus on developing a robust infrastructure in the region to increase its connectivity with the Central Asian countries. India needs to focus on developing efficient road, rail, and air links to the region to facilitate the movement of goods and services.[40]

Strategic Interests: In Pursuit of New Geopolitical Agenda

India's strategic interests in Central Asia have been growing steadily over the past few years. This is due to the region's geostrategic location, abundant natural resources, and the potential for strong economic and trade ties.[41] India has sought to expand its presence in Central Asia as part of its broader ambition to become a regional leader and a global power. India's strategic interests can be seen in its efforts to increase its regional influence, deepen its security ties, and foster economic development within the region.[42] At the political level, India has strengthened its diplomatic relations with Central Asian states. India has been actively engaging with the region's countries through the SCO and the Collective Security Treaty Organization (CSTO). India has also sought to build bilateral relations with individual countries such as Kazakhstan, Kyrgyzstan, and Tajikistan, which have enabled it to increase its regional clout.[43]

In terms of security, India has sought to build strong defence ties with the Central Asian states. India has provided military training, equipment, and intelligence sharing to the region's militaries. It has also sought to expand its military footprint in the region through increased military exercises, joint patrols, and the establishment of security outposts.[44] India has also provided assistance for border security and in countering terrorist activities. India has also increased its diplomatic presence in the region, opening new embassies and consulates in its capitals. India has also been increasing its economic ties with the Central Asian states, signing numerous trade and investment agreements. India has also sought to increase its cultural and educational ties with the region, including hosting a number of cultural festivals, conferences, and seminars. India has also participated actively in the SCO, a regional security and economic organisation. India's involvement in the region is an important part of its strategic objectives, as the Central Asian states are key to India's security and economic interests.[45]

India's strategic and geopolitical interests in Central Asia have faced numerous challenges. These challenges can be divided into two broad categories: internal and external. Internally, India faces numerous challenges in its efforts to strengthen its

presence in the region. The lack of connectivity between India and Central Asia is an issue, as it prevents India from taking advantage of the vast natural resources available in the region. Moreover, the region has suffered from political instability and economic fragility, which has limited India's ability to fully engage with the region. In addition, various religious and ethnic groups in the region further complicate the situation. Externally, India is faced with the challenge of competing with other major players in the region, such as Russia and China. Russia has traditionally held a strong presence in Central Asia, and its recent military interventions are a testament to its intent to maintain its influence in the region. Similarly, China's BRI has allowed Beijing to expand its influence in Central Asia. These external challenges have made it difficult for India to feel its presence in the region.[46]

In addition to the internal and external challenges, India faces considerable geopolitical risks, such as the presence of the US, Russia, and China in the region. India is also faced with competing for resources, as Central Asia is a resource-rich region.[47] India also faces the challenge of navigating through the complex web of politics in the region. India has increased its efforts in recent years to increase its regional presence. India has sought to improve its diplomatic and economic ties with Central Asian countries. India has also increased its military capabilities in the region and has increased its engagement in multilateral forums such as the SCO. India has also sought to strengthen its relationship with Russia and China in order to ensure its access to the resources in the region.

India's efforts to increase its presence in Central Asia are commendable, but it still has a long way to go in order to become a major player in the region. India needs to increase its diplomatic, economic, and military efforts in order to make its presence felt in the region and to counter the influence of the US, Russia, and China. India also needs to work with its Central Asian neighbours to develop joint projects to increase economic cooperation and infrastructure in the region. Finally, India needs to strengthen its ties with its neighbours in South Asia to ensure that it can share its economic and political interests in Central Asia with its neighbours. With increased efforts, India can become a leading power in the region and a major player in the global arena.

Central Asia's transition from a centrally planned to a market-based economy during the post-Soviet years occurred concurrently with India's extensive economic reforms intended to liberalise its tightly controlled mixed market economy. Since then, India's economy has changed from being internally focused to becoming increasingly globally integrated. Despite having significant issues with infrastructure, internal security, poverty, regional inequity, etc., India has become one of the economies in the world with the fastest growth rates in recent years. Similar to this, all Central Asian economies have experienced fast expansion, especially during the past two decades, following a period of early slow and negative growth. Their leadership now has the

confidence to work on much-needed economic reform thanks to this growth momentum. With relations shifting from a purely cultural setting to an economic and strategic one, all these changes have provided India and Central Asia with the opportunity to forge new, mutually beneficial links in a favourable environment.[48]

India's domestic and foreign policy benefits from Central Asia's geographic location. The area has been referred to as "one of the world's most strategically positioned zones, located between China, Russia, and a turbulent Middle East-a territory wanted by both its larger neighbours and significant international powers" in geopolitics.[49]

It has been heartening to see China enter the Central Asian region since the early 1990s. China is the top producer of textiles, household and office furniture, mobile phones, plastics, stainless steel, televisions, and cameras worldwide. Beijing continues to market its goods to the industrialised world, but exports to the developing world are also growing quickly, especially in light of the US-China trade conflict. China's goods are increasingly being sent to Central Asia. Beijing has also launched a global hunt for a reliable energy supply to maintain the pace of economic expansion due to its enormous energy needs. In order to maximise its share of the region's complicated Central Asian-Caspian Sea hydrocarbon resources, it has thus emerged on the board.[50]

New Delhi has taken a more proactive stance toward Central Asia, and these meetings between its top officials and regional power brokers are evidence of that. India is revising its Central Asia strategy in response to the shifting situation in Afghanistan, while China is keeping a close eye on the unfolding events. Beijing quickly organised its virtual summit with the same leaders after India announced the recent summit, and it took place just two days before India's.[51]

The great countries' presence in Central Asia has created a hostile atmosphere. Economic and trade ties between China and Central Asia have benefited from expanded economic and technical collaboration as well as improved communication channels. Beijing has increased its engagement with the region through trade, energy accords, military pacts, the SCO, and, most recently, the Belt and Road Initiative.[52]

Drug trafficking impacts all of Central Asia, including Pakistan and Afghanistan. Through Afghanistan's porous borders with its neighbours Iran, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan, opiates are illegally exported. Large amounts of drugs are trafficked into and through these nations for local use and travel to Kazakhstan and Russia, among other destinations.[53]

India launched its 12-point 'Connect Central Asia' program in 2012, following the forging of strategic alliances with Kazakhstan (2009), Uzbekistan (2011), and Tajikistan (2012). India's political, security, economic, and cultural ties to the area were all intended to be strengthened.[54]

India and Central Asia can be reached through Afghanistan. Commercial and trade

ties will be strengthened when the nation stabilises, and Kabul may serve as a conduit for New Delhi's increased engagement with Central Asian nations. Despite several efforts to strengthen commercial and trade ties, New Delhi is primarily seeking to deepen its energy connection with Central Asia in order to meet its expanding energy demands. It would be less hazardous to engage in regional initiatives on a multilateral basis if their success would result in interdependence and chances for further ventures. However, the success of projects will rely on how Afghanistan's political and security situation develops over the next few years. All nations must take political action to reduce the conflicting nature of regional politics since geopolitical issues trump geo-economic ones.[55]

India is a rising power in the global political arena and has been working on expanding its strategic interests. With a growing economy, India seeks to expand its geopolitical agenda by pursuing new strategic interests. This will require India to strengthen its existing relationships with countries, develop new ones, and engage in new strategic partnerships. India has already begun to do this, increasing its ties with countries such as Japan and the United States and strengthening its existing partnerships with Russia and China. This expansion of India's geopolitical agenda is part of its effort to become a regional power and to protect its interests, both in economic and security terms. India is also looking to expand its strategic partnerships with other nations, such as Central and South Asia. India is looking to build a network of allies across the region to counterbalance the influence of larger powers such as China and the United States. India is also looking to foster economic ties with these countries in order to benefit from the resources and markets they can provide.[56]

In addition to its regional ambitions, India is looking to expand its strategic interests beyond its borders. India has already become an essential partner in the Indian Ocean region and is looking to increase its influence in Asia-Pacific. It has also become a key player in the global trade and energy markets.[57] To further this goal, India has recently signed a number of strategic agreements with countries in the region, such as China, Japan, and South Korea. India is also deepening its ties with countries in the Middle East and Africa in an effort to strengthen its economic and political ties with these regions. Finally, India is also working to build stronger ties with the United States and other countries in the West to ensure it has strong allies in an increasingly competitive world.[58]

India's strategic interests in Central Asia are driven by a desire to gain a foothold in the region and expand its geopolitical agenda. India has been proactive in engaging with the region, primarily through economic initiatives, and has also sought to enhance its security through cooperation on regional and global security issues. India has sought to build strong ties with the Central Asian nations, enhance its regional presence, and promote regional integration. India's approach to the region has been consistent and proactive, and it sought to build a strong and sustainable partnership with the Central

Asian nations. India's strategic interests in Central Asia will continue to grow in the coming years as the region further emerges as a geopolitical and economic powerhouse.[59]

Conclusion

India's CCA policy has demonstrated that it is determined to pursue a new regional geopolitical agenda. It is seeking to build a strong partnership with the Central Asian states in order to increase its influence in the region and to promote economic development, trade, and investment. India is making use of its soft power diplomacy to build ties with the Central Asian countries and is engaging them in various regional and global initiatives. It has also identified mutual interest and cooperation areas, such as energy security, counter-terrorism, and regional connectivity. The policy is a significant step towards establishing a strong regional presence and furthering India's national interests. India's presence in Central Asia is likely to continue to increase in the coming years as India strives to increase its influence in the region.

India also needs to adapt its policy to the changing geopolitical landscape in the region in order to achieve its strategic and economic goals. By developing a more robust and comprehensive policy, India can unlock the potential of Central Asia and establish itself as a key actor in the region. This paper argues that India had been actively engaged in consolidating its presence in the Central Asian region in order to further its geopolitical interests. It provides evidence to suggest that India has taken steps to increase its presence in the region, from deepening economic ties to establishing diplomatic relations and promoting cultural exchange.

The policy is also likely to be shaped by the reality of the Ukraine War in the coming times. In the face of growing tensions between Russia and the West, India has already attempted to pursue a more active and balanced role in the region. On the one hand, India seeks to establish friendly relations with the countries of Central Asia, while on the other, it has attempted to foster economic ties in order to bolster its economic growth and development. India has adopted a multilateral approach to navigate carefully in the changing geopolitical dynamics in the region. It has sought to build strong ties with all the countries, irrespective of their political or ideological affiliations. It has also sought to foster economic ties by establishing joint ventures, technological collaboration, and investments in energy and infrastructure. It has also actively engaged in cultural and diplomatic exchanges with the region, mainly promoting religious understanding and cultural integration. At the same time, the policy has sought to balance its ties with Russia, the United States, and China. India wants to remain neutral in the Ukraine War while maintaining strong economic and cultural ties with the region. It has also sought to use its diplomatic clout to help resolve the conflict while advocating for a peaceful resolution.

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Kashmiriyat: A Dissipating Syncretic Value

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Abstract

Kashmiriyat represents an old tradition of Kashmir that recognizes and celebrates the values of syncretism, religious tolerance, communal harmony, peaceful coexistence, multiculturalism, and egalitarianism. It celebrates the communitarian differences that are present among different communities of Kashmir and repudiates the creation of a single homogenous entity through the erasure of these differences. This article is an attempt to conceptualize Kashmiriyat as a distinct indigenous identity through the indigenous Kashmiri perspective and examine its gradual disappearance from the cultural landscape of Kashmir. It explains several political and religious and historical factors that have contributed to the gradual dissipation that began well in the Nineteenth century and during the Dogra rule.

Keywords

Kashmiriyat, Dogra State, Identity, Punjabi Politics, Harmony, Pandits, Muslims

Introduction

Historically, Kashmiriyat is a unique indigenous identity of the Kashmir region that has existed in Kashmir since time immemorial (Bazaz, 1954; Giyas ud-Din, 2007; Hangloo, 2015; Puri, 1995; Punjabi, 1997). As Hangloo (2015: 43), an influential contemporary voice of Kashmiriyat has put it:

Kashmiriyat…is a far wider concept that has grown over centuries of historical processes that the region of Kashmir has embraced, both in peace and in turmoil… Kashmiriyat is unique to Kashmir, and this specificity of Kashmir has evolved as a result of special circumstances rooted in the centrality of Kashmir's topography/geography, ecology, religious ethos, and cultural moorings.

As an indigenous phenomenon, Kashmiriyat is a philosophy that recognizes and celebrates the values of syncretism, religious tolerance, communal harmony, multiculturalism, and egalitarianism. As Christopher Snedden (2017: 29) states: 'Kashmiris have long practiced a form of tolerance and inclusivity called 'Kashmiriness' [Kashmiriyat] whereby they respect each other's religious traditions, celebrate each

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other's religious festivals, and eat fish and lamb but not beef and pork, which respectively are unacceptable to Hindus and Muslims'. Conceptualizing *Kashmiriyat* from the indigenous Kashmiri perspective, Hangloo (2015: 53) argues that Kashmiriyat 'is not only the mutual understanding between ethnic groups and religions but also the freedom to dissent without fear of being eliminated'. In this light, *Kashmiriyat* rejects the discourses, practices, and so-called totalizing theories dividing the people based on established social hierarchies of race, caste, religion, or class. And it calls for inclusive nationalism to be realized not by subsuming cultures of minority communities into the culture of majority community but by celebrating what Charles Taylor (1994) calls *politics of recognition*, representing that the unique identity of each cultural group should be recognized and celebrated.

This conception of *Kashmiriyat* was strongly put across by two mystical poets of the fourteenth-century Kashmir- Lal Ded and her disciple or 'spiritual son' (Puri, 1995: 60) Sheikh Noor-u-din Noorani. By means of poetry, they vociferously revolted against then-oppressive socio-religious beliefs and practices and successfully made the Kashmiri masses aware of the virtues associated with the values of communal harmony, humanism, pluralism, and social justice (Bazaz, 1954; Hussain, 2021; Kaul, 2011; Madan, 2008; Singh & Amin, 2020; Snedden, 2017: 29). As Lal Ded, in one of her mystical verses, has stated:

Shiva abides in all that exists anywhere
Don't discriminate between Hindus and Muslims
Self-realization is true emancipation

Recognize your true self that is true knowledge of God (as cited in Hangloo, 2015: 59) In her another verse, she says:

The world is full of differences
If you are tolerant, you will be happy
You will end anger, hate, and animosity
Then only will you see Shiva's face
(Kak, 2008: 183)

Sheikh Noor-u-din Noorani, commonly known as Nund Rishi, shares the pluralist position of Lal Ded:

Born of the same parents,
Who can create division between the two?
Whether Muslim or Hindu,
Bind the two, and God you will please
(Mattoo, 2015: 94)

normative Hinduism or Islam. But they call for creating a good society through adopting ethical behavior, abolishing social inequalities and economic injustice, establishing good social relations, and treating all human beings as God's creations. Nund Rishi, while defining the true Muslim as one who follows the principle of righteousness, explains this in the following verse straightforwardly:

One who does not neglect one's daily duties,
Who longs to live by the sweat of one's brow,
Who controls the bestial anger of one's mind,
Who shows fortitude in the provocation,
May truly be called a Muslim.
He will be among the people of paradise
Who shares meals with the hungry,
(who) is obsessed with the idea of removing hunger,
Who humbly bows (in prayers) in all sincerity,
Who scorns anger, greed, illusion, arrogance, and self-conceit,
May truly be called a Muslim.
(Khan, 1994: 124)

As a part of their struggle to create a good society, the philosophies of Lal Ded and Nund Rishi, as a critique of prescriptive religious beliefs and practices, question the rationality of oppressive socio-religious beliefs and practices constructed by the elite classes. Nund Rishi expressed his opposition to established elite culture in these words:

The fake Rishi is always worried about his stomach
Eating delicious food, he has forgotten God
Donning the dress of a Rishi, he misleads others
If he is a Rishi, then who is a thief?
(Kaul, 2011: 37)

Lal Ded's and Nund Rishi's vociferous opposition to the elite tradition in favor of the emancipation of the common Kashmiris widely contributed to making them a part of Kashmiri's popular culture and imagination. Both Kashmiri Muslims and non-Muslims widely embraced their philosophies and teachings as emancipatory projects (Bazaz, 1954; Hangloo, 2015; Hussain, 2021; Kaul, 2011; Kak, 2008; Snedden, 2017). As a result, religious tolerance and communal harmony became the defining features of Kashmir valley which impelled the Mughal emperor Jehangir to remark that 'it is difficult to distinguish between the Hindus and Muslims of Kashmir' (Punjabi, 1997: 122).

Kashmir from 1420 to 1470 during which he encouraged the values of humanism, secularism, religious tolerance, and cultural pluralism to strengthen their roots in the cultural and political life of Kashmir (Bazaz, 1954; Giyas ud-Din, 2007; Madan, 2008; Puri, 1995; Sufi, 1948). As Pandit Prem Nath Bazaz, an ardent voice of Kashmiriyat has maintained that 'he [Zain-ul-Abidin] was neither a Hindu nor a Muslim but essentially a Kashmiri who built a progressive and a secular state on the foundations of the composite Kashmir culture which had been evolved through thousands of years till his own day' (Bazaz, 1954: 61). Sharing the position of Bazaz, T. N. Madan (2008: 9) states that Zain-ul-Abidin 'revoked most of the anti-Hindu laws and strove to restore confidence among his non-Muslim subjects. He encouraged those who had fled to come back, stopped the burning of Brahmanical scriptures and the destruction of temples, allowed cremations, pilgrimages, and sacrifices, and encouraged the ethos of cultural pluralism and religious tolerance.

Decay in *Kashmiriyat*

In the post-Zain-ul-Abidin era, communal harmony and pluralism as the quintessence of *Kashmiriyat*, however, began to gradually disappear from the cultural landscape of Kashmir. From the mid-nineteenth century onwards, the Kashmiri Muslim and Pandit (Hindu) communities, in contrast to the essence of Kashmiriyat, began to define their identities and interests exclusively along the lines of their respective religious affiliations, causing unprecedented tensions and conflicts between the two communities. The inter-community tensions damaged the traditional bonds of communal harmony to such an extent that Kashmiri Muslims and Hindus became enemies of each other. This unexpected change in the cultural realm of Kashmir was particularly caused by the opportunistic politics of two actors- Dogra state and Punjabi organizations.

The Dogra regime, since its foundation on March 16, 1846, relied on the politics of communalism, totalitarianism, nepotism, and militarism (Abdullah, trans. 2013; Bazaz, 1954; Madan, 2008; Rai, 2004; Saraf, 1977). The Kashmir region came under the control of the Dogra regime through the Treaty of Amritsar signed by Dogra (one of the upper Hindu castes of Jammu region) Raja of Jammu Gulab Singh with the British government on March 16, 1846. The Dogra dynasty ruled over Kashmir for one century. To legitimize and consolidate their autocratic rule, the Dogra rulers, as a part of the traditional tactic of divide and rule, redefined the interests and identities of Kashmiri Muslim and Pandit communities in exclusive instead of inclusive terms (Bazaz, 1954; Rai, 2004; "who is responsible for," 1936):

(a) Giving preference to their Hindu co-religionists in central state institutions like education, government services, and so on,

(b) Institutionalizing Hinduism and depriving the majority-based Muslim population of freedom of religion and other basic rights and freedoms,
(c) Promoting the scheme of the separate electorate and setting up separate public institutions for the two communities, and
(d) Politicizing the communitarian differences that existed between the two communities and exploiting the socio-religious festivals of one community against another.

The Dogra state succeeded in its mission when the Kashmiri Muslim and Pandit communities, by the late 1920s, openly identified themselves as two separate communities and were accordingly granted separate political identities by the Dogra regime (Rai, 2004; Zutshi, 2003). As a result, the category of communalism entered the cultural and political landscapes of hitherto non-communal Kashmir. This has been illustrated by Sheikh Muhammad Abdullah in the following words:

> The mindset of this nation has worsened to such an extent that Muslims and Hindus do not like each other. Hindu thinks that the interests of Muslims are inimical to his interests, and a Muslim too…thinks that his interest lies in what causes loss to Hindus (Bazaz, 1936b: 8).

The Dogra state effectively materialized its program of destabilizing the Kashmiri's traditional pluralist and tolerant culture primarily because of the communal atmosphere created by the intervention of Muslim and Hindu organizations of Punjab, such Anjuman-i-Kashmiri Musalman, All India Kashmir Committee, Anjuman-i-Himayat-Islam, All India Muslim League, Majilis Ahrar-i-Islam-i-Hind, Sanatan Dharma Sabha, Arya Samaj, etc., in the internal socio-political affairs of Kashmir by the early Twentieth century. These Punjabi-based Muslim and Hindu organizations, which were ideologically opposed to each other, to spread and legitimize their respective programs, made the Kashmir region and its local identity, of Kashmiriyat, a victim of their politically motivated ideological wars (Bazaz, 1954; Rai, 2004; Zutshi, 2003). These Punjabi Muslim and Hindu organizations, while providing support to the politics of Kashmiri Muslims and Pandits respectively, created a mentality among their respective Kashmiri co-religionists that their interests were inherently incompatible and they were two separate nations that could never share a common vision (Bazaz, 1936a). Against the tradition of Kashmiriyat, the leadership of both Kashmiri communities fell into this communal trap redefining their identities and the region's local problems along Punjabi communal politics. This issue has been illustrated by Prem Nath Bazaz in a letter to Mahatma Gandhi dated May 8, 1934:

> Some [Kashmiri Muslim leaders] are anxious to be tools in the hands of pan-Islamic leaders of Punjab like Sir Mohammed Iqbal and others. They see the dreams of wiping out Hindus from Kashmir and establishing a Mohammedan confederacy in Northern India; and others who were always anxious to meddle in the political affairs of Kashmir have now found an opportunity of fulfilling their long-cherished schemes of pan-Islamism.

The reliance of Kashmiri Muslim and Pandit leadership on Punjabi politics created a trust deficit between the two communities of Kashmir. This, in turn, gave birth to inter-community tensions and rivalries dominated by the questions of share in government jobs and educational institutions, the rationality of Dogra rule, the form of the electoral system, ownership of religious places, and participation of minority communities in the future political and economic structures of the state (Bazaz, 1936a, Zutshi, 2003). Further, it, among others, led to the break-up of the Kashmiri Muslim community itself over the issue of the meaning of Islam in Kashmir associated with political and economic resources (Hussain, 2021; Zutshi, 2003, 2008). The penetration of *Ahrars* and *Ahmadiyyas* as Punjabi-based rival Muslim organizations, for instance, into the internal affairs of Kashmir led to the division of Kashmiri Muslim leadership into two rival camps- Mirwaiz (head preacher) of Jama Masjid Mohamad Yousuf Shah-led *Bakra* (goat) group supporting the ideology of *Ahrars*, and Sheikh Abdullah-led *Sher* (lion) group supporting the ideology of *Ahmadiyyas* (Rai, 2004; Zutshi, 2003). The inter-community and intra-community hostility allowed the despotic Dogra state to intrude into the Kashmiris' cultural realm and erode the very essence of Kashmiriyat, which it effectively capitalized on by recognizing the Kashmiri Muslim and Pandit communities as two separate communities and by granting them separate political identities.

Meanwhile, the revolutionary poets of Kashmir, such as Ghulam Ahmad Mahjoor, Abdul Ahad Azad, Dina Nath Nadim, Pitamber Nath Dhar Faani, Zinda Kaul, and Raz, raised their voices, through the medium of poetry, in favor of the revival of Kashmiri's traditional pluralist and tolerant culture. Their literary and poetical works, deeply rooted in Kashmiri's indigenous tradition of Kashmiriyat, were against prescriptive religious practices, confessionalism, and politicization of religion. They argued for the promotion of inclusive nationalism, communal harmony, religious unity, social justice, humanism, and human emancipation. They urged Kashmiri Muslims and Hindus to shape their nation's future social, political, and economic structures together along the lines of Kashmiriyat. Mahjoor articulated his vision of united nationalism in these words:

Who is the friend and who is the foe of your land?
Let you among yourselves thoughtfully make out

The kind and stock of all Kashmiris is one;
Let you mix milk and sugar once again
Hindus will keep the helm and the Muslims ply the oars
Let you together row the boat of the country
(Bazaz, 1954: 296)

Sharing the vision of Mahjoor, Nadim stated:
You should become the leader of the nation
You should be both Hindu and Muslim
You should revolutionize the people
Fulfill the dreams of natives
(Kaul, 2011, p. 101)

Azad rejected the culture of normative religion and formalism of religion in favor of humanism, rationalism, and secularism:

O, faithful you have your deen [religion]
And I have mine
Your sacred object is God
And my ideal is man
Your God is pleased by building temples, mosques, and dharmshalas
My beloved feels delighted in unity, affection, and sympathy
(Bazaz, 1954: 302)

The damage that *Kashmiriyat* received at the hands of Dogra state and Punjabi politics has relegated the vision of Kashmiriyat articulated by these poets to the background and made Kashmiriyat a victim of political construction and politically motivated interpretations. Kashmiri Muslim elites define Kashmiriyat as a construction of Kashmiri Pandit elites to gain power, while the latter see it as a weapon in the hands of the former to justify the rule of majoritarianism and Islamism. While Pakistan and hardcore religious groups of Kashmir, such as *Jamaat-i-Islami* and *Ahl-i-Hadith*, see it as anti-Islamic and as the strategy developed by India to legitimize her rule over Kashmir, India confines it to her identity of secularism. Similarly, the scholars working on Kashmir like Chitralekha Zutshi (2003), Mohammad Ishaq Khan (2004), Neil Aggarwal (2008), Alexander Evans (2008), M. J. Aslam (2009), Karan Arakotaram (2009), Toru Tak (2013) and Arsilan (2018) share skepticism about the existence of Kashmiriyat as a historical socio-cultural entity, arguing that it has been constructed by the Kashmiri successive political regimes to realize their political interests. These multiple interpretations of

Kashmiriyat as simply a political construct has created a new category of Kashmiriyat that goes entirely against the tradition of Kashmiriyat practiced by common Kashmiris since time immemorial and against what the essence of Kashmiriyat in itself is. As Ashish Kumar Singh and Wakar Amin (2020: 97), for instance, argue that 'the mainstream political parties politicized this notion [notion of Kashmiriyat] to the extent that it lost its social relevance; consequently, it is now thought to be something promoted by the state to serve its political interests'.

Conclusion

Although Kashmiris achieved liberation from the yoke of Dogra despotism in 1947, Kashmir has not made any progress in mending the damage experienced by Kashmiriyat during the hundred years of Dogra rule and in the postcolonial context. On the contrary, Kashmiriyat suffered irreparable damage in late 1980 when the atmosphere of fear and uncertainty created by the eruption of armed insurgency and counter-insurgency strategies forced the Pandit minority community to leave the valley. Since then, the concept of Kashmiriyat has become a subject of an acrimonious debate dominated by the following three central questions: is it based on the empirical reality of the valley or just an invented category? Is it an inclusive philosophy, an intrinsic element of Kashmir identity, or a part of a particular totalizing agenda? And does it have the ability to revive itself in an environment dominated by cultural schism and political instability, and if so, can it, as an alternative epistemology, bring peace back to the region? Providing answers to these questions, the poetical, literary, and critical works of contemporary Sufis of Kashmir, in line with the tradition of Kashmiriyat, argue that thinking and acting beyond the category of normative religions and oppressive discourses and practices and liberating Kashmiriyat, as a historical socio-cultural entity, from the process of politicization are the only ways to revive the immemorial tradition of Kashmiriyat, which they see as the only alternative to bring the valley of heaven out of present chose and uncertainty. Zargar Habib, for instance, is one of the present voices of Sufi poetry in Kashmir who hold the totalizing religious discourses responsible for the decline of Kashmiriyat, and so calls for the dismantling of such discourses. As he (Habib, 2009: 30) in one of his poem's states:

Look at your own habitat, which has got devastated
The pure and sacred people are busy washing the unsacred
Quickly realize the human soul otherwise your habitat is ruined.

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Contours of Privatization in Russia - An Analytical Revisit (1990-2022)

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Abstract

Presence of private sector and privatization is a normal economic phenomenon per se in contemporary era represented on the world map and this has emerged and evolved in majestic dimensions since last few decades, nonetheless its root lies in deep history dated back several centuries and the major impetus for its emergence was the existence of inefficiencies and increasing fiscal burden and non-existence of optimal utilization of scarce resources. In last few centuries, countries have evolved through economic systems command economic system under socialism to market based economic system under capitalism and privatization is one such economic reform that facilitate the transition from centrally planned economy system to market economy system and Russia too, after the disintegration attempted to shun legacy of socialist economy and adopted economic reforms under the presidency of the Yelstin. Anatoly Chubais was made the architect for the privatization and introduced privatization during the first decade of transition that gave rise to emergence of oligarchs in independent Russia but also proved to be a toughest decade for a countries economy as a whole. Status of privatization presence under Putin remained eclipsed and remained as a support during the need of state support and in the fiscal crisis. Interestingly, literature available validates that Russians understanding about private property and private sector is thin nonetheless has high aspiration to have thriving well developed private sector in Russia for their coming generations.

Introduction

Currently, world has stepped in the year 2023 and in the 20th and 21st century, human lives are witnessing stretches of turbulence in dynamics of society, culture, polity and economy and as the process of evolution has remained an indispensible part of above mentioned crescendos, hence dynamism has been observed in the world as a whole depending upon the changing contours at societal, cultural, political and economic level. Previous centuries witnessed contours of economic evolution from subsistence economy to barter economy to digital economy/cashless economy and in these centuries, a

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terminology called 'equity' and 'efficiency' emerged that released a reasonable space for intellectual debate. 'Equity' in economic system offered way to the Socialism that focused on safeguarding welfare, equivalent prospect to pupil in society and centers on government ownership but as every system has certain drawbacks giving rise to Inefficiencies hence 'market economy' emerged as an economic system that can aid in mitigating the element of inefficiency and providing greater scope of amalgamation in global market. Main component of success and efficiency of market economy is the appropriate role of the government and transparent institutions. Private sector is one such sector that can facilitate efficiency and promotes consumers sovereignty. Presence of private sector has been experienced since last few decades as it was very difficult to hear about privatization prior 1980s (Dinavo, 1995).Since then, world economies has seen the upsurge of privatization of state owned enterprises with the aim of reducing inefficiency, losses and soft budget constraint that proposes to strengthens productivity, yield cum profit and hard budget constraint thereby enhancing competency and competitiveness. Russia, erstwhile Soviet Union had a legacy of Socialism for several decades, nonetheless for a brief stint, features of capitalism and free market was introduced but both subject to state control and an element of profit was provided for the state owned enterprises. Roucek(1988) too complements with the fact and elaborates about the less yet presence of private sector in the times of Soviet Union and in the Post-Soviet Union, where the Russia's state was assembling swift energies to eschew the legacy of socialist economic system and in response to this Russia's leader Yelstin introduced the economic reforms and privatization as the one subset that can complement with liberalization, globalization and macro-economic stabilization and can also assist in increasing the efficiency, thereby smoothening the trajectory of nation's economic growth and development along with locating the nations in the path of globalized interconnected web of competitive market.

This paper is divided among four sections that briefly deals with conceptual understanding of term privatization, drivers of popularity of privatization that discusses about why the privatization became popular, further section deals with Russia undergoing economic reforms specifically the Privatization, its timeline, process and methods and then the final section deals with status of privatization in Russia under Putin's rule and concludes at the end.

Privatization: Conceptual Framework

Lionel Robbins defined economics as "the science which studies human behavior as a relationship between ends and scarce means which have alternative uses" (Woodson, 2018). Economy has been an integral part of human civilization and has evolved along with the human beings from barter economic system to a complex digital economic

system. It is interesting to observe that in this economic evolutionary process, two fundamental dynamics i.e., Demand and Supply had been at a focal juncture and a phenomenon called 'Market' has acted as an intermediary where consumers and producers interact and fulfill their objectives (utility) through consuming, producing and selling the manufactured goods. Goods and services that are bought and utilized for individual purpose and are based on the principle of exclusion and rivalry are identified as Private goods (Samuelson, 1954) and the principle of exclusion authorizes an owner to use property rights on the private goods thereby preventing free riders problem to arise (Ray, 2008).

Terms like 'Private' commodity and 'Privatization' seems analogous as the assumption of property rights exists in both the concepts, however Privatization is seen as a process of transferring or transforming public property to private property or state owned unit to Private entity. Well acclaimed magazine *The Economist* was credited for introducing the term *privatization* (alternatively privatization[1] or reprivatisation[2] after the German 'Reprivatisierung') (Edwards, 1995; Compare, 2006) during 1930s while covering Nazi Germany's economic policy. "By 'privatization' (Dunleavy, 2007) strictly mean the permanent transferring of service or goods production activities previously carried out by public service bureaucracies to private firms or to other forms of non-public organization, such as voluntary groups". Ohashi, (1980); and Cass, (1998), explains that privatization means selling government-owned-and-operated businesses to private enterprise and further states in context of privatization uses, that it connotes a shrinking of governmental association in some specific enterprise, nonetheless the form of "dis-involvement" and the extent and nature of any ongoing governmental association in the enterprise do not stay constant across uses of the term. For some proponents, the problem is government's inefficiency; that is, its failure to get the maximum "bang for the buck". Both Ohashi (1980) and Montes (2004)states that privatization in a broad sense implies the relocation of a task, action, or association from the public to the private sector.

Term "privatization" appears to be a contemporary economic phenomenon, but its root lies back in history and its philosophy dates back to many centuries to pre 20th century and plethora of literature states that in the Ancient Greece, government nearly contracted out all to private sector and Roman republic (Parker, 2003) although created state owned enterprises but activities like collection of tax, contractors of military, religious sacrifices and constructions were performed by private individuals. Besides Greece and Roman republic, there exist the traces of ideological movements towards privatization during Han Dynasty as well. Taoism came into importance initially at level of the state and supported the "laissez faire principle" of "Wu Wei" (literally mean "***Do nothing***") (Moon, 2015).Head of state were advised by the Taoist clergy, evident by the fact that a resilient leader was practically invisible. In twentieth century, privatization arose in Nazi Germany

between 1933 and 1937; the empire of Britain "privatized its steel industry in 1950s" but it gained worldwide momentum in "1980s under Margaret Thatcher in United Kingdom and Ronald Reagan in United States". (Parker, 2003)It flourished in "Latin America in 1980s and 1990s as a result of a Western liberal economic policy" (Shirley, 2004) and in 1990s, governments of Eastern and the Central Europe also involved in widespread privatization of state owned enterprises (SOEs).

Theoretical understanding says that there are many methods to expand the private sector namely encouraging entry of new firms into the private sector; restitution of property to former owners; management-employee buyouts; voucher privatization; and direct sale of state assets to private citizens and these methods are not used exclusively rather a combinations of methods are used in different country level. Bennett (2002) argued "that the choice of privatization method is determined by the bargaining power of governments as against potential buyers"and Megginson(2001) mentions a variety of factors that influence privatizations are

> *The history of the asset's ownership; the financial and competitive position of the SOE; the government's ideological view of markets and regulation; the past, present, and potential future regulatory structure in the country; the need to pay off important interest groups in the privatization; the government's ability to credibly commit itself to respect investors' property rights after divestiture; the capital market conditions and existing institutional framework for corporate governance in the country; the sophistication of potential investors, and the government's willingness to let foreigners own divested assets.*

Methods of Privatization taxonomy too has been discussed in detail by Brada(1996) in Megginson(2001) research in which "privatization through restitution" is kept in the first category [3], privatization through "sale of state property" comes under the second category (under "which a government trades its ownership claim for an explicit cash payment")[4], "mass or voucher privatization" comes in the third category where the entitled people can "use vouchers" which were disseminated "free or at nominal cost to bid for stakes in SOEs or other assets being privatized" and the final method is "privatization from below, through the startup of new private businesses in formerly socialist countries".(Havrylyshyn,1999)After considering the prevalence of philosophy and methods for adoption of privatization in large part of the world, a pertinent question arises as to what made privatization to gain intense popularity at a global level and that has been discussed in upcoming section.

Drivers of Privatization Popularity

Purpose fuels passion to do everything and privatization is one such dynamic that must have been motivated because of certain attention-grabbing purposes that motivated the adoption of the same. As per Lieberman, (1993: 3) literature available states that Privatization gained so much popularity for the "Central Eastern Europe and Commonwealth Independent States" that the theme for the 1990 decade was decided to be the 'privatization'. One such motive behind privatization to gain popularity in "developing and transition countries" was the "debt crisis during 1981-82", in which countries suffered with "sovereign debt problem and experienced declining growth, macroeconomic instability, series of forced adjustments" and inability to absorb the fiscal burden of the State owned enterprises. Secondly, effective "economic performance of Japan and Asian Newly Industrialized Countries (NICs) (Korea, Singapore, Hong Kong, and Taiwan)" that followed growth model based on intense competition, outward orientation and significant contribution of private sector.(Lieberman, 2008) Thirdly, laterally Japan and the Newly Industrialized Countries of Asia's growth, debate and discussion initiated regarding the practice of the "command economy in transition countries and the import substitution model"[5] used in most of the Latin America has outlived their significance and required to be replaced. In 1980s, emergence of fourth industrial revolution motivated by information-based technologies was felt by some analysts and this gave a private sector a fulcrum role to play. In 1980s, a strong ideological commitment was conveyed to private enterprises by United States and United Kingdom that also aided in influencing developing and transition countries towards privatization. An uprising in the political sphere in the Central Eastern Europe (CEE) in 1989 with the "fall of the Berlin wall" and in Former Soviet Union (FSU) with the recognized break up in 1991, gave new drive to privatization process that can act as a basis of their "economic reform process" to craft the base for a "market economy".

Basic intents for adopting Privatization is to aid the government to remain "out of the business of business, by strengthening market forces to promote competition and efficiency; generating new sources of cash flow and financing for enterprises, not only through attracting Foreign Direct Investment (FDI), broadening and deepening capital market access for privatized firms and increasing availability of bank financing, but also through eliminating government crowding out of capital markets and preferential subsidies and transfers to SOEs; Reducing fiscal deficits by utilizing privatization revenues to retire external and domestic debt, increasing tax revenues from profits generated by privatized enterprises and reducing what is often a serious drain on state budgets, the fiscal transfers to SOEs".

United Nations "Economic Commission for Europe, Economic Survey of Europe

in 1991-1992", mentions about drivers and goals that motivates the Privatization that is given in following table

Economic	Political	Social	Trade Union	Wealth Distribution
Efficiency	Destatitization[6] De-etatization[7]	Integrate	Less Wage Pressure	People's Property
Profit Maximization	Strengthen Democracy	Social Peace	Reform Consensus	Portfolio Diversification
Share-holding	Social Stability			
Budget easing	Remove Nomenclature			
Finance growth				
Foster Competition				
Enhance Stabilization				

Source: United Nations Economic Commission for Europe, Economic Survey of Europe in 1991-1992, New York, 1992, p.231.
Price Waterhouse. 1989a. Privatization: Learning the Lessons from the U.K. Experience, London.
Price Waterhouse, 1989b, Privatization: The Facts, London.

Considering the philosophy and popularity of privatization, not only Russia after the disintegration went ahead with privatization but traces of privatization could be seen during Gorbachev's economic reforms in readmission of private economic activity, or cooperative activity based on private initiative (Bohnet, 1989: 88) and how privatization got initiated in independent Russia is going to be discussed in the section given below.

Privatization in Russia

Before focusing on the outline of privatization in Russia, it is important to have some historical understanding of economic fundamentals during the Soviet Union. Soviet Union covering eleven time zones and one-sixth of the world's land surface, was geographically by far the largest country in the world and nearly one quarter of its territory falls in Europe and the remainder in Asia (OECD, 1991) has an interesting account to share. Year 1928, was taken as a milestone in the history of USSR as strategy for economic growth was established in the form of First Five Year Plan and it remained fundamentally unchanged for upcoming five decades. Soviet economy emerged as a full scale command economy where nearly the entire capital stock was nationalized (with over 90 percent of production brought under direct state control), and agriculture was collectivized to achieve the desired objectives. 'Gosplan' acted as the central planning agency and the state committees were evolved for determining the prices, labor and material supply. Market whose peculiar role i.e., 'Coordinating' and direct competition (among enterprises) was

largely suppressed and target fulfillment was the principle objectives for ministers and managers whereas objectives related to financial efficiency was considered secondary. Law under Soviet economy sternly restricted the 'Private' economic activity (resale was restricted), allowing households to hold some small private plots, livestock, automobile and housing. Production of crop in household plots of collective farm was the core legally-sanctioned private activity. Monetary and fiscal policy too tied to the command economy system providing necessary credit to enterprises to fulfill the plan for output and investment. (IMF, 1991)

Economic system primarily exists to achieve specific desired objectives like "economic growth" and a better standard of living so do the Soviet economy system desired and Allen (2001) discusses the variations in the Soviet economic growth and highlights that it "grew rapidly from 1928 to about 1970" due to "rapidly accumulated capital and created industrial jobs for people" who were otherwise inefficiently employed in agriculture. Whereas growth rate dropped abruptly after 1970s for external reasons namely Cold war that diverted research and development resources from civilian innovation to the military thereby reduced the "productivity growth" and end of the surplus labor economy: elimination of unemployment in agriculture and completely exhaustion of accessible natural resources were the internal reasons for fall in economic growth (Bergson, 1978; Kornai, 1992).Gorbachev introduced several reforms from *anti-alcohol campaign* to intensive growth. *Law on State Enterprises* was also introduced in July 1987 under which freedom to choose output levels and even, within centrally set parameters, to choose prices, wages and bonuses were given to enterprises. Despite of Gorbachev's reforms, Soviet economy continued to face the problems and by 25th December 1991, Gorbachev[8] resigned and Soviet Union got disintegrated.(Fischer, 1994)

In post independent Russia, Yeltsin faced a challenge while dealing with the three fold schema of "State formation, economic transformation and regime change", as a result establishing of asovereign Russia was considered as the first priority, (Mc Faul, 2006) nonetheless consideration was given to undo the command economy and build a market economy because the economy was in a ruined state, with "No hard currency reserves", swelling "budget deficit, foreign debt, falling industrial production, monetary overhang and a scarcity of goods" and only "radical reforms could redress these desperate economic conditions". Yegor Gaidar was given the task to initially go for liberalization thereby freeing the prices, followed by the macroeconomic stabilization and Privatization thereafter. Though privatization was kept sequenced to begin after liberalization and Stabilization, the two economic reforms could not provide respite to the dwindling economy, and resultantly privatization was considered as the "driving force behind economic reform in Russia and the heart of the transformation processes"(Stanley,

1991).Yeltsin's defined and discussed with the first "post-Communist government, the policy of privatization of large state enterprise aims to create privately owned, profit-seeking corporations owned by outside shareholders that do not depend on government subsidies for survival. It was also assumed that if enterprises commit to generate profits to cover expenditures and pay dividends to stockholders, then they will be compelled to rationalize assets, a process that will include downsizing, restructuring and bankruptcy" (McFaul, 2006) and in general privatization realizes the same through more efficient use of resources by internalizing the costs and benefits of production for the individual enterprise (Robert, 1992)."If the benefits do not exceed the costs, privately owned enterprises must take action to redress the imbalance; (McFaul, 1995) and this may include downsizing, unbundling (the splitting up of large assets), restructuring, or bankruptcy" (Aslund, 1992).

Plethora of literature available examines the privatization in Russia from various perspectives, Medova (2010) in their study divided Privatization (Russia) into major stages. First stage consist of period from 1986-1990 that experienced Latent privatization; Second stage comprises of period 1991-1994 that experienced Public Mass, voucher privatization; Third stage comprises of period 1995-1998 that experienced the Monetary privatization (Loans for Shares) and the Forth stage comprises of period from 1999-2005 that experienced Post reform ownership.

Privatization law was passed on July 3, 1991 before Yeltsin formed the Gaidar government and under the Anatoly Chubais privatization program was adopted by the government and the parliament in June 1992 containing elements of corporatization, insider benefits but has not included vouchers.(Boycko, 1997:72) Vouchers were chosen by Chubais in late Spring 1992 and was adopted by the Presidential Decree in Summer1992 (Boycko, 1992). Presidential Decree No. 914(August 14, 1992) (Im J, 1993) helped in making outside shareholders creation through a mass voucher program (Guislain, 1997). Formulation of this program draft was done under the Yeltsin's team (Anatoly Chubais and Gaidar) and Frydman, (1993) who worked closely with western advisors informed by neoclassical economic theory and Western (especially American) practice (McFaul, 1995).

Russian Privatization Programme divided firms into groups of firms that are sold as proprietors "for cash by the local" government and "those that would go into the Mass Privatization" programme and in the same manner, many shops and some smaller firms "were immediately allocated to the local" governments, which "demanded the revenues from small-scale privatization as their major concession (although later on small shops were sold for vouchers as well)".(Vishny, 1995: 149) Large firms were then divided into those that were subject to mandatory privatization (light industries such as textiles, food processing, and furniture), those aimed to privatize with the approval of GKI (Large firms

but not the strategic industries), those requiring cabinet approval for privatization ("Firms in most strategic industries, such as natural resources and defense, could only be privatized" with the approval of the whole cabinet), and those whose sale to privatize was prohibited(firms in sectors such as railroad transport, "space exploration, health, and education could not be privatized at all").Further, in this process firms that of large and medium-sized[9] were corporatized[10] as the President Yeltsin in June 1992 signed corporatization decree.[11] As soon as a "firm corporatized, its managers and workers got to pick among three privatization options"[12].

1992 Privatization Voucher

Nellis (1999), while discussing about privatization in transition economies and particularly about Russia, mentioned that ***Voucher privatization*** facilitated in transferring the ownership of 15,000 firms from state control in 1992 to 1994. Sidorova (2017) mentioned that nearly 98 percent of Russians participated in the "Voucher" privatization (Jermakoviez, 1994) and since "most people were not well informed or had the proper finances, hence the governmental inner circles managed to grab most of the best assets" and the period is described as "the most cataclysmic peacetime economic collapse of an industrial country in history" [13] (Cioci, 2016).

Officially, Mass privatization came to an end by July 1, 1994 and a novel step towards privatization began with "President Yeltsin's Presidential Decree No. 1535 of July 22, 1994, called Basic Guidelines of the State Program of Privatization of the State and Municipal Enterprises in the Russian Federation" and the "Decree defined the rules governing the new stage of privatization known as Cash privatization" that lasted from 1994 to 1997 (Kim, 203).Radygin(1996)provides detailed elaboration of the method of sale under Cash Privatization[14] and also discusses that there was a mismatch in real and apparent goal of the program as the tangible aim lies in raising revenue to "finance massive federal budget deficits" whereas apparent goal point towards building up increased investment in enterprises to facilitate restructuring and resultantly, Puffer (2000) mentions that enterprises that were "economically important, primarily in the natural resources, metallurgy, telecommunications, high technology, and food industry sectors, were put up for sale. A total of 831 specialized auctions (a cash variety of earlier voucher auctions) were announced in 1995. The first interregional and all-Russian

auctions began in June of 1995and around 4,052 cash auctions happened in 1995 of which companies such as Energy System of Russia, Rostelekom, Urlamash, Novorossiysk Shipping Company, and Vyborg Pulp and Paper Plant, as well as oil companies were auctioned off as joint stock companies" (Radygin, 1996).

Loan-for-shares scheme

Idea for Loans for shares, by all accounts, came from the banker Vladimir Potanin (Daniel, 2010) and was announced by the Presidential Decree No. 478 of May 11, 1995 and according to this "government's shares in 43 major enterprises were to be transferred to a consortium of banks to be held in trust for five years in exchange for low-interest loans to the government due in 2000. During the five-year period, the government could sell the shares to investors and buy back its shares from the banks. In reality, ownership of many important enterprises was turned over to the banks when the loans matured in 2000" (Kim, 2003 and Sager, 1999). "In the loans for shares program of 1995-6, stakes in state-owned enterprises valued by the market at around $1.5-1.9 billion were sold to a mix of brash private entrepreneurs ("oligarchs") and Soviet-era industrial managers ("red directors") for about $850 million" (Daniel, 2010).The "loans for shares" scheme of 1995-96in which a handful of well-connected businessmen bought stakes in major Russian companies--is widely considered a scandal that slowed subsequent Russian economic growth (Daniel, 2010).

Case by Case Privatization

Privatization in Russia progressed further in 1997 branded by stricter governmental control over the sale of state property with auctions and tenders as methods but sale of large enterprises was subject to careful pre-sale preparation with an aim to enhance the attractiveness of the enterprises to be privatized, raise the prices of the shares sold, and improve the enterprises' liquidity via measures [15]. "As of 1 January 1998 more than 130,000 enterprises had been privatized in Russia, of which 3,100 changed their form of ownership in 1997. In 1996 the number of privatized enterprises was around 5,000, while in 1995 it was 10,000".(Broadman, 1998) There are currently 29,000 federally owned enterprises and institutions and the total number of fully state-owned enterprises was reduced to 88,000 in mid-1997 from 205,000 in 1992. "In 1997 the state earned 18,078 trillion rubles (in 1997 figures) on sales of stock in privatized companies, while the budgeted revenues were 6.5 trillion rubles. Ninety percent of 1997's revenue was earned on privatization of 11 corporations. The State Property Ministry and Russian Federal Property Fund's budgeted revenue for 1998 was 9,525 million rubles (in 1998 rubles)" (Broadman, 1998).

Privatization status in Russia under Putin's rule

At present, the President of Russia Vladimir Putin is in the fourth term from the time period (2000-2004, 2004-2008, 2012-2018 and May 2018 till present time) and served as acting President from 1999 to 2000, succeeding Boris Yeltsin after Yeltsin's resignation. In 2000, when Vladimir Putin took over the reins of Russia, had reviewed the past one decade in which Russian economy has been in the turbulence in which economic reforms were introduced to undergo transition from soviet planned economy to a market based economy and concluded that Russian economy had suffered that can be witnessed by looking at overall size of an economy has squeezed much more than a decade before and even the people's proceeds were lowest in Europe, lagged behind in the sphere of technology and innovations and a decade of rapid growth had become a pertinent question and an indispensible remedy in front of Russia in order to be in the queue to catch up with the countries of the European powers. Putin also assessed that Russian citizens were discouraged from investing in new commercial ventures largely due to lawlessness and weak property rights resultantly intensity and involvement related to investment was comparatively low by Russians and foreigners, which is a necessary ingredient for generation of economic growth and rise in the living standard of the people.

Assessment that Putin made in his early years of rule was gloomy, pessimistic, also filled with brutal honesty, nevertheless through this assessment, Putin emerged as one out of many Russian (and Soviet) influential figures "who had displayed a sharp awareness of the country's economic deficiencies, explicitly weaknesses in Russia's legal system, underinvestment in modern economic activities, technological under-development, and lower living standards than other major powers were all characteristics of the Russian economy that had endured over centuries". In this respect, Connolly (2020) seems apt that states that the role of the state aids in molding the nature and structure of the business in an economy, he further clarifies that America's comparatively discrete business structure reflects largely non-interventionist nature of the state, whereas countries where the state is the dominant actor in the economy tend to permit only weak private sectors.

Towards the eve of millennium, Russia's GDP grew by 6.5 percent in 1999 and the economy started generating employment opportunities and this stronger economy helped boosted support for the new man in the Kremlin. Connolly (2020) further states that Vladimir Putin assured to reinstate or reestablish the order or ***Poryadok*** to control the power of big business and declared himself a liberal ***Derzhavnik*** that means a man that believes in Russia as a liberal but strong state.

Putin's rule in Russia and the introduction of economic policies can be bundled into nearly twenty years that further can be divided into four periods ie., "the 'reform' years of his first term (1999-2003); the "statist" years of his second term (2004 – the first

half of 2008); the world economic crisis and recovery (the second half of 2008 – 2013); and the war in Ukraine, Russia's growing isolation from the global economy, and stagnation (2014 – present)" (Guriyev, 2019).

Literature available elaborates that reforms/policies were ratified and inducted in Putin's first term became popular as "Gref Program" which was a "*Program for the Socio-Economic Development of the Russian Federation for the Period 2000-2010*", under which "tax and progressive pension reforms" were inducted, Land code was accepted, smoothened the initiation and conducting businesses, "launched civil service reforms", and marched up dialogues on Russia's accession to the WTO and all this led to a sharp spurt of economic growth, an inflow of foreign investment and the strengthening of the ruble. Reforms differed in second term as the process of the reforms that were introduced during the Putin's first term was halted and the nationalization of the economy started.(Guriyev, 2019) During this term Stabilization Fund was formed thereby paid off the entire state debt, efforts were made to make banking system competitive through introducing deposit insurance system that enhanced confidence among depositors in not only in Sberbank and other state banks, but also in their private competitors and this has generated novel prospects for the expansion of the financial sector and the growth of corporate and retail lending. Because of the reforms introduced in first and second term of Putin's (1999-2008), Russia's GDP grew by 94 percent and per capita GDP doubled (Aris, 2019).

High growth rate, which the Russia enjoyed, was largely dependent on Russian oil and its high price at a global level, but since 2008, it was clearly felt that Russia had exhausted this model of economic growth and there arose a need to fix the model of economic growth. In the year 2008, the government of Russia communicated and accepted its "Concept for the Long-Term Socio-Economic Development of the Russian Federation until 2020"(Guriyev, 2019).These reforms gave priority to Russia's integration into the global economy, investment in human capital, and innovation. Speaking to the State Council in 2008, President Vladimir Putin said, "If we continue on this road we will not make the necessary progress in raising living standards. Moreover, we will not be able to ensure our country's security or its normal development. We would be placing its very existence under threat. I say this without any exaggeration." Further, in early 2011, Vladimir Putin asked the "Higher School of Economics and the Presidential Academy of National Economy and Public administration to create a new strategy 2020" and this strategy aimed at creation of a new model of economic growth that recommended the removal of barriers for doing business and investment in human capital. On May 7, 2012, "May Decrees", were signed by Putin that focus on inculcating higher degree in improving investment scenario and major scaling back of state's presence in the economy, claiming that this would raise the labour productivity and an investment, but reforms

never materialized and factors like falling oil prices, war and sanctions buried hopes of reform and acceleration of economic growth that lead to reaping of economic growth that did not exceeded 1 percent.

Over the last two decades of Russian economy, one can see different contours of growth and development for which various reforms and policies were credited, among these reforms and policies, privatization is one among economic reform and policies that has a tendency to reshape and change the contours of economic growth, resultantly it is of great interest to see how privatization thrive during last two decades and its status via footprints in the economy of Russia.

Literature available reflect a mixed view about the privatization in Russia in last two decades, Hanson (2007) discusses that the Russian government instead of promoting privatization took control of formerly privatized companies in certain "strategic" sectors namely oil, aviation, power generation, machine building and finance during 2004-2006. Hanson tried to make this reversal evident by quoting examples of companies that were taken-over by the state owner companies like for example; the Rosoboronexport one of the state-owned company producing defense equipment took control of Avtovaz, the primary producer of Russian cars. "In June 2006, it took 60 percent control of VSMPO-Avisma, a company that accounts for two-thirds of the world's titanium production. In 2007, United Aircraft Building Corporation, a company that was 51percent government controlled, combined all of the Russian companies producing aircraft" (Hanson, 2007). Literature available namely Clover (2011), Racanelli (Jan 26, 2011)and online article in Rane Worldview (2011)reflects the inclination of Medvedev towards the modernization and privatization of economy which was also made evident by the Sputnik report that on December 2010, Russian President "Dmitry Medvedev" "ordered regional governments to decide on privatization of non-core assets by July 2011. Arkady Dvorkovich, then a top Kremlin economic aide, said regional privatization proceeds could amount to several billion rubles in 2011, and regional authorities must prioritize the sale of utility companies, financial institutions, manufacturing and transportation assets and the media" (Sputnik, 2010).In May 2012, after taking the position as the prime minister, Medvedev stressed that Russia should initiate the privatization program irrespective of the market volatility.After a session of the "World Economic Forum" in October 2012, Medvedev said "It is vital for our country to continue the course towards privatization". His statement and views backing privatization was aimed to provide signal and assurance to thepeople who were participating in the "World Economic Forum session" that he ie., Medvedev "does not want to see an economy totally controlled by the state".

Literature by Kharpal (2016)reflects the nature of privatization in Russia after the western sanctions and concluded that privatization that took place which is evident by the sale of shares of Bashneft by Rosneft was not a real privatization and Putin in the "VTB

Bank Russia Calling Investment Summit" in fact concluded that the deal will aid in reaping "maximum gain" from the budgetary and fiscal perspective and Gaaze (2015)and Kottasova (2016) in their research detailson privatization and represents that Vladimir Putin has a hesitant attitude towards the privatization and he banned the sale of Russian stocks abroad. Korsunskaya (2017)in their research details the causal effect between need for privatization and the state budget scenario. Research discusses that the state felt for the privatization of some assets as the sanctions by the west has impacted economy negatively, nevertheless the rise in price of oil has resulted in meeting the need of cash for budget and the brief window that was opened for pro-market camp has then be shut that is evident in the words of Maxim Oreshkin "Russian Minister for Economic Development" to media specifically to "Reuters" that in October 2017, "there are almost no fiscal reasons left for privatization", that followed a betterment and an uplift in economy much facilitated by the rise in price of hydrocarbon's specifically the oil.

There is literature available that deals with perception of Russians on private property and also privatization notably by Kolesnikov (2019)concludes that "Russians have a dream for their children and their grandchildren of a different environment that is favorable for entrepreneurship and private initiatives. This is where the true interests of Russians and their perceptions about the future diverge radically from the interests and perceptions of the state in which they live". Kosesnikov in this research undertook surveys and the respondent's percentage provides interesting insights like 93 percent of respondents consider apartment as a private property; 59 percent respondents considers oligarchs of the 1990s were benefitted by the privatization; 39 percent respondents think honest persons cannot get rich in Russia; 48 percent respondents considers private owned enterprises are efficient and 42 percent people prefer wage employment for themselves whereas 45 percent prefer to own business for their children; 24 percent respondents considers excessive responsibility, obstacles and risks pose hurdles in starting own business.

Conclusion

World has evolved and is continuously evolving and interestingly in this century one can glimpse and experience the aspects and dynamism of *Metaverse*, *Artificial Intelligence*, *digital economy* and their presence and footprints can easily be sensed in contemporary society and economy. Major vector that greased and conceivable this evolutionary dynamism is the space of innovations and timely required infused capital through liberalism and neo-liberalism that became particularly standard during 1970s and attained zenith in 1980s and hereby this ideology paved the way how to view the world. This ideology advocated liberal exchange in the arena of trade, presence of liberalism dynamics in the pitch of duties and taxes, upsurge of private entities and budgets with an

element of equilibrium. Privatization one but a significant aspect of Neo-liberalism ideology projected as an answer to the issues the nation's state economy was undergoing prior to Neo-liberalism and it structured and put forth a resolution of restructuring the inefficient loss making and debt ridden state owned enterprises into efficient and profit/revenue generating private enterprises thereby positioning them in the orbit of world's competitiveness and providing larger space to consumer's sovereignty. Russia after the disintegration of the Soviet Union introduced a series of economic reforms of which privatization was a significant economic reform considered as a solution of serious hurdles of State Owned Enterprises in the form of inefficiency, loss making and debt ridden and adopted methods namely Voucher privatization and Loans for Shares scheme and resultantly large number of large, medium and small state owned enterprises were privatized. Since 2000 onwards, as the Vladimir Putin took over the state's control Russian economy performed well in economic parameters and Putin in these two decades have introduced economic reforms from time to time in response to the international and domestic factors and brief episodes of privatization can be witnessed in Russia depending upon the fiscal and budgetary requirement, nonetheless it is interesting to notice that private sector is still brief and the strategic sectors are under the state's control. Literature also clarifies that understanding of Russian people regarding private sector is still embryonic nonetheless surveys also suggest that Russian's prefer their coming generations to become entrepreneurs and should see to have more pronounced private sector in years to come.

Notes

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End Notes

1. In 1943, Sidney Merlin published "Trends in German Economic Control Since 1933," in the Quarterly Journal of Economics. Merlin agrees that Germany's National Socialist Party was looking not only for business support, but also for increased Nazi control over the economy (p. 207): "The party, moreover, facilitates the accumulation of private fortunes and industrial empires by its foremost members and collaborators through 'privatization' and other measures, thereby intensifying centralization of economic affairs and government in an increasingly narrow group that may for all practical purposes be termed the national socialist elite." Merlin was aware of Sweezy's work, but instead of "reprivatization" he used the word "privatization," which may be the first time this term is used in the social science literature in English.
2. Hans Wolfgang Singer used the term in "The German War Economy--VII," published in the Economic Journal in 1942.5 Singer (1942, p. 377) reported the claims by German officials that the new policy was to "produce more and organize less" and "in pursuance of 're-privatisation' factories and machine tools which were previously only leased to private business-men are now to be sold to them".
3. This method is appropriate when land or other easily identifiable property that was expropriated in years past can be returned to either the original owner or to his or her heirs. This form of privatization is rarely observed outside of Eastern Europe, though it has been important there. For example, Brada (1996) reports that up to 10 percent of the value of state property in the Czech Republic consisted of restitution claims. The major difficulty with this form of privatization is that the records needed to prove ownership are often inadequate or conflicting.
4. This category takes two important forms. The first is direct sales (or asset sales) of state-owned enterprises (or some parts thereof) to an individual, an existing corporation, or a group of investors. The second form is share issue privatizations (SIPs), in which some or all of a government's stake

in a SOE is sold to investors through a public share offering. These are similar to IPOs in the private sector, but where private IPOs are structured primarily to raise revenue, SIPs are structured to raise money and to respond to some of the political factors.

5. A particular weakness of the inward-looking approach to development was that it incorporated within it an inversion of the ''infant'' industry argument. It implied that developing countries once having developed ''strategic'' or ''priority'' industries such as steel, cement, fertilizers, oil refining, and petrochemicals, most often through state monopolies and almost always through subsidies, had to continue protecting them because they were too fragile and too uncompetitive to export to world markets and face domestic competition.
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7. The state's opportunities to exercise property rights that were correspondingly reduced.
8. Disintegration of Soviet Union was inevitable but its timing largely owes much both to Gorbachev's early decision to open up the system and to his later inability to pursue a clear-cut economic reform strategy.
9. Except those in the last list.
10. That is to say, they were to re-register as joint stock companies with all equity owned by the government, adopt a corporate charter, and appoint a board of directors.
11. This decree is viewed as the first major step toward subsequent privatization of state firms.
12. The First option (variant 1) gave workers 25 percent of the shares of the enterprise for free, yet made these shares nonvoting. Top managers could purchase 5 percent of the shares at a nominal price. In addition, after privatization, the workers and the managers could get an additional 10 percent at a 30 percent discount to book value through something that resembles an employee stock ownership plan (ESOP).

    The Second option (variant 2) gave managers and workers together 51 percent of the equity, all voting, at a nominal price of 1.7 times the July 1992 book value of assets. This, of course, represented a very low price relative to the market value of these assets in a highly inflationary environment. Workers could pay for these shares in cash, with vouchers (to be discussed later), or through the retained earnings of the enterprise, and could pay over some relatively short period of time. As in the first option, an additional 5 percent of shares could be obtained by managers and workers at low prices through the ESOP.

    The Third option (variant 3), imposed by the managerial lobby in the parliament, allowed the managers to buy up to 40 percent of the shares at very low prices if they promised not to go

bankrupt. For a variety of reasons, this option has hardly been used.

13. In Russia, the government legally permitted the marketing of shares. The encouragement of privatization among citizens initially achieved widespread consensus and dispersal of wealth, but soon revealed its darker side as a nationalistic means to promote the concentration of ownership and national wealth into the hands of a few wealthy individuals in the medium-run. As it resulted in an increase of the wealth gap, it earned the name katastroika, often described as one of the most "cataclysmic peacetime economic collapse of an industrial country" throughout history.

14. Standard methods of sale. The enterprises were to be sold by a sequence of three methods: (a) free transfer or sale of shares to the employees through a closed subscription; (b) sale of equity (not less than 15-25% of the charter capital) through investment tenders, commercial tenders, or auctions; and (c) sale of the remaining shares at the specialized auctions including ones that were interregional and nationwide (Radygin, 1996). All enterprises with balance sheet value of assets exceeding 20 million rubles as of January 1, 1994, were to be transformed into open joint stock companies, and their shares could be sold by any of the methods mentioned earlier. The rest of the enterprises, with a value of less than 20 million rubles, were to be privatized through auctions or commercial investment tenders (Radygin, 1996). This stage was characterized by a struggle for absolute control over the privatized companies. The interests of the state and those of other shareholders were often in conflict over the choice of the sale methods. Because of its need to secure revenues from the sale of its stake, the state was interested in the auction-type methods. But management, as one of the largest stockholder groups was interested in retaining control, therefore, preferring investment and commercial tenders that would give them an opportunity to formulate special conditions tailored to their advantages. And the large outside shareholders preferred specialized auctions that would allow them the ability for sudden actions during the struggle for the offered stake.

15. Measures included disclosure of information on assets to be privatized, the involvement of auditing companies and financial consultants, and the transfer of shares into a trust through a tender, with the trustees obligated to raise the prices of these shares.

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China's Economic Statecraft in Central Asia: A Diplomacy of Debt

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Abstract

China has used its economic power to become one of the most successful countries in the world. It has transformed from an impoverished, agricultural country into the world's second-biggest economy in only a few decades. Beijing exploits its economic might, as other great powers do, to exert influence on the foreign policy of other countries so that they better serve its national interests. Accordingly, this paper aims to study China's economic statecraft in Central Asia through development assistance as a policy instrument. This paper will begin with an overview of China's development assistance policy. The next section evaluates the China-Central Asia Development cooperation and highlights the factors driving Chinese development assistance in the region. The following section critically examines the impact of Chinese development assistance on the receiving nations. The study argues that Chinese foreign is crucial for the infrastructural development of the Central Asian economies. However, due to the implicit conditionalities with the aid and poor management of public finance by the Central Asian elites, Chinese foreign aid is contributing to the mounting sovereign debt in Central Asian economies and threatening the sovereignty of the Republics.

Keywords

Diplomacy, China, Central Asia, Economic Statecraft

Introduction

China's success story is one of the most remarkable examples of economic growth and development in recent history. In the 1970s, China was a modest agrarian economy. Since then, the nation has grown into a manufacturing powerhouse. With a GDP of ¥121 trillion in 2022, China is the world's second largest economy . Beijing's economic rise has received a mixed response from global society. China's economic expansion has been seen by some as an opportunity for growth, while others have been concerned about its growing economic power. Many fear that China may leverage this influence over territorial disputes and threaten international peace and stability .

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On several occasions, Beijing has used its economic power to strengthen its position globally and meet its foreign policy goals. Post the Tiananmen crisis in 1989, China deftly employed its market access and investment opportunities to divide the western nations. China's diplomatic breakthroughs in the 1990s may largely be attributed to the country's growing economic might. As China's economy expanded and its global influence increased, it was able to use its economic leverage to engage more effectively with other countries and reduce the isolation it faced. Beijing has also weaponised its economic arsenal for punishing other nations. A case in point is the 2015 decision of the Chinese government to introduce sanctions on export of fish and other products from Norway, and limiting diplomatic interactions. This decision was taken in response to the Nobel prize award given to the Chinese political dissident Liu Xiaobo. Another example of China's usage of its economic clout as a tool for punishment was seen in 2010 when the it halted the shipments of rare earth elements to Japan. It was done to punish Japan for detaining the captain of a Chinese fishing boat in the vicinity of the Japanese-controlled Chinese-claimed islands in the East China Sea. These islands are contested territories between Japan and China.

Many experts believe that the usage of economic statecraft will grow significantly as the global economy becomes increasingly intertwined and interdependent. As Samuel Huntington said, "economic activity is probably the most important source of power…in a world in which military conflict between major states is unlikely, [and] economic power will be increasingly important in determining the primacy or subordination of states". The biggest advantage offered by the economic tools over military instruments is that, it is less likely to receive a violent reaction than military instruments. Therefore, compared to other policy tools, the leverage of the economic pressure is likely to increase in the future.

A state's use of economic tools, such as trade policies, financial sanctions, or investment strategies, as a means of pursuing its foreign policy goals is characterized as Economic Statecraft. This form of statecraft instrumentalises the economic power to influence other countries, shape the global economic system, and advance their interests. In addition, it also involves using development assistance in the form of loans and grants as tools of engagement with other countries. These instruments can be used as positive or negative inducements. The positive use could be in the form of trade incentives and preferential market access, while the negative inducements can take the form of restrictions in financial flows to the target country, restricting access to the market, and other such punitive measures.

This paper aims to study China's economic statecraft in Central Asia through development assistance as a policy instrument. This paper will begin with an overview of China's development assistance policy. The next section evaluates the China-Central Asia development cooperation and highlights the factors driving Chinese development

assistance in the region. The following section critically examines the impact of Chinese development assistance on the receiving nations. The study argues that Chinese foreign is crucial for the infrastructural development of the Central Asian economies. However, due to the implicit conditionalities with the aid and poor management of public finance by the Central Asian elites, Chinese foreign aid is contributing to the mounting sovereign debt in Central Asian economies and threatening the sovereignty of the Republics.

Overview of China's Development Aid Policy

Foreign assistance or development aid offered by Beijing is one of the most critical tools of Chinese economic engagement with developing countries. According to the White Paper on China Foreign Aid released in 2011, the core objective of Chinese developmental aid is assisting recipient countries in building their self-development capacity. It does so by building infrastructure, developing personnel and technical force, and developing domestic resources to embark the recipient nation on a path of self-reliance. Chinese scholar Pan Yaling has outlined four Chinese foreign assistance theory features.

1. **Aid without any preconditions**: The fundamental goal of Chinese development aid is the welfare of the recipient nation. Chinese aid does not set any preconditions on how welfare activities are carried out.
2. **The policy of strict non-interference**: Chinese aid is focused on supporting the independent development of the recipient country. It strictly refrains from indulging in the bureaucratic system of the recipient nation.
3. **The policy of inclusive development**: Chinese aid is based on the foundation of equality of the donor and recipient and does not use it as an instrument of ideological propaganda.
4. **Maintaining strategic patience:** When extending development loans, Chinese authorities follow the principle of strategic patience.

Further, Chinese financial aid can be categorized into three forms-Grants, Interest-free loans and concessional loans. The Grants constitute technical support, humanitarian aid, or assistance in kind. They usually aim at small to medium projects such as building hospitals, schools, and low-cost houses. Interest-free loans are twenty-year period loans meant for human development projects. Five years period is for use, and five years grace period. Then the ten-year period is for repayment of the loan. The third form of financial aid is concessional loans. It is given out to develop large infrastructure projects in the recipient country. Concessional loans from China now carry an interest rate of 2% to 3%, with repayment terms ranging from 15 to 20 years. It includes 5-7 years of grace.

Grants and zero-interest loans come straight from the Chinese government's coffers. The Chinese Export and Import Bank provide discounted loans. Besides these two institutions, many state-owned enterprises (SOE), such as China Petrochemical Company and National Overseas Oil Company (NOOC), provide technical and financial assistance. Over the years, China has increased its concessional loans and foreign assistance to various nations while drastically reducing interest-free loans.

Locating Central Asia in Chinese Development Cooperation

Since their independence, the CARs have seen a significant rise in foreign assistance from China. Chinese assistance often consists of providing infrastructure like commercial vehicles, tractors, military weaponry, and police vehicles and constructing institutions like health and learning centres and other government buildings. Chinese government agencies also sponsor training programs for military and civil service officers and scholarships for students from the region.

As per Chinese authorities, their foreign aid policy is based on the foundation of "the Chinese tradition of internationalism" and "China's goal of world harmony." Beijing has developed a unique narrative over time and has evolved its lending practices accordingly. It does this by recasting international assistance as a kind of South-South collaboration and emphasizing equality as the fundamental principle underlying relationships with other countries. However, the unidirectional (rather than reciprocal) character of foreign assistance and China's declaration that it is a major country obligated by duty, mission, and support to weaker governments do not fit well with this equality discourse.

In the last several decades, the five countries have increasingly looked to China for financial support on a wide range of initiatives, from infrastructure to education, greatly expanding China's sphere of influence in the region. According to Aiddata's study "Corridors of Powers," released in 2016, for almost 20 years, the Chinese government donated $127 billion in assistance to these countries. They are one of Beijing's most generous assistance recipients. China's aid to Kazakhstan was $33 billion (or 26%), with a lot of the money going toward the China-Central Asia Gas Pipeline. The Chinese loaned Turkmenistan $9 billion, making it the second-biggest recipient in the region.

China's Belt and Road Initiative (BRI), a huge infrastructure project to improve connectivity and stimulate economic development in nations along the Silk Road trade routes, is the most visible manifestation of its economic statecraft in the region. The BRI has been used as a platform for China to promote trade and investment with participating countries, helping to boost their economies and creating opportunities for Chinese companies to expand their operations overseas. In addition to deepening economic

relationships, China has also used the BRI to advance its political and strategic interests in participating countries. The initiative has been used to enhance China's influence, build partnerships with participating countries, and promote its vision for global order. CARs, particularly Kazakhstan, hold great strategic importance for China's BRI. The BRI was introduced during Chinese President Xi Jinping's visit to Astana in September 2013, highlighting the significance of Kazakhstan's role as a transit nation in China's expansion towards Europe.

The region's significance in China's efforts to ensure its long-term energy supply cannot be overstated. In the 1990s, Central Asia received huge Chinese capital in the oil and gas sector. While dominated by Russia in the first decade of the independence of the CARs, China has gradually surpassed Russia and changed the region's energy landscape. China has built several oil pipelines in the region. One example of such a significant Chinese initiative is the construction of a gas pipeline that will run from Turkmenistan via Uzbekistan and Kazakhstan before entering the Xinjiang region of China. It has emerged as the most important energy infrastructure between China and Turkmenistan. 2007 marked the beginning of its construction, while 2009 marked the year it first went into operation. In 2009, China was ranked sixteenth among Turkmenistan's export partners. By 2012, however, it had climbed to the first spot and became the country's most important trading partner.

In the political sphere, China is driven by domestic anxiety over separatist movements in Xinjiang and the need to build strategic diplomacy that comes along with China's rise. As China's aid focuses on promoting economic integration and strengthening transport links in Central Asia, Beijing hopes to stabilize Xinjiang via joint efforts in regional security and economic growth.

China's Implicit Conditionality in the Development Assistance

Chinese agreements for financial assistance are not necessarily based on the project's financial viability. There is barely any credit analysis carried out before granting the loan. Chinese loans are free from any 'conditionalities,' which means there is no demand for any reform required for the loans to make the project financially viable. For instance, Western donors like the World Bank may demand structural reforms in the economy as the loan conditionality. This is done to ensure that the loan is repayable. They demanded a restructuring of the Barki Tojik State Energy Holding and an increment in electricity tariff. The World Bank economists believe that the prevailing prices of electricity are too low and, therefore, will make the repayment of the debt difficult for Tajikistan. China's methodology for grants and loans does not follow this rationale of financial viability. China's assessment of repayment is done along with its business interests. Although there are no official documents present that bring out the

conditionalities imposed by Chinese loans, the preferential treatment of Chinese companies in the project is one of the most important conditions in the agreement. Therefore, Chinese loans and grants are accompanied by Chinese companies participating in the project, bringing in Chinese equipment and Chinese labor forces.

As claimed by the Chinese Development Assistance Policy, loans and grants offered by China differ from their Western counterparts as they do not have any conditionality attached. There are several implicit conditionalities integrated with the loans. One such condition is the diplomatic conditionality integrated with Chinese loans and grants. This conditionality includes demands related to foreign policy decisions and issues sensitive to Beijing's political interests, such as territorial integrity. Support for the "One China Policy" and recognition of the People's Republic of China as the legitimate government of all of China are examples of policy choices that need conformity with the official viewpoint. However, expressing a desire to agree with Beijing's ideals is sufficient; no additional action is necessary.

At the beginning of the establishment of formal diplomatic relations, the CARs acquiesced to these diplomatic demands after the independence. On various occasions, these nations have aligned their domestic policies with Chinese interests, such as the deportation of Uyghur terrorists by Kyrgyzstan and Kazakhstan at Beijing's request. In 2004, the Uzbek president expressed his solidarity with Beijing in fighting the three evils-extremism, separatism, and international terrorism. The Governments of the neighbouring countries have refrained from taking any public stand on the issue of Uyghurs and their treatment by the Chinese government. In 2011, then-Kazakh President Nursultan Nazarbayev openly affirmed his support for the One-China policy and the stance of the Government of China on issues relating to Taiwan, Tibet, and Xinjiang. Chinese companies are required to participate in 23 out of 44 Central Asian loan arrangements that have published agreement parameters. It must be observed that these declarations were followed by a nuclear cooperation agreement between both nations and several other deals providing substantial financial aid to Kazakhstan.

Another conditionality that is implicit in the Chinese capital is the embedded conditionality. It can also be referred to as 'tied aid,' as the capital that flows into the Central Asian economy is tied to the interest of Chinese firms. The loans offered by the EBC for infrastructure development projects make it obligatory for the receiving party that at least half of the material, equipment, and services involved in the project should belong to China . Another significant provision associated with concessional loans is the requirement of participation of Chinese companies. It provides a channel to gain overseas contracts and a platform for state-owned enterprises to gain a foothold in the Central Asian market . This policy allows Chinese companies to outcompete their Western counterparts who have previously entered these markets. These tied aids distort the level playing field

making it hard for other players in the market to compete with Chinese firms.

China's Debt Diplomacy in Central Asia

With the increasing presence of China in the region, debt sustainability has become an important issue. Various studies and reports have supported the fears around the issue of debt management and sustainability arising due to BRI projects. An assessment of the outstanding debt of the 68 nations that are part of the BRI shows that the outstanding debt in eight of these countries has the potential to breach the sustainability levels. The debt to GDP ratios will increase as the projects under BRI near their completion. Among the five Central Asian countries under research, Kyrgyzstan and Tajikistan feature on this list of eight countries. Debt sustainability can pose a significant threat to the stability of a nation when a simultaneous increase in government revenue does not support government borrowing. This situation can further escalate into an economic crisis needing debt restructuring. This may diverge resources from crucial sectors such as health and education towards debt servicing. The crisis may get aggravated when the government is compelled to increase borrowing to service the debt.

With the volatility in the price of oil in the market, smaller economies like Tajikistan and Kyrgyzstan are under the threat of falling into the downward spiral of debt unsustainability. In the given situation, China can resort to the repayment of loans in kind rather than cash, as is evident in the case of Tajikistan. Chinese company TBEA (TBEA Co., Ltd) has been involved in developing the 400 MW Dushanbe TETs-2 power plant in Dushanbe. TBEA spent US$ 349 million of the total cost incurred, and the Tajik government spent US$ 17.4 million. TBEA was awarded a concession to develop its higher Kumarg and Eastern Duoba gold mines in Tajikistan's Northern Ayni area three years later to repay the loan . Eighty-four percent of Tajikistan's gold is mined in Tajik-Chinese joint ventures. Over half of the gold mines in Tajikistan belong to Chinese companies. In September 2017, China and Tajikistan signed an agreement under which China allotted 220 million dollars for constructing Tajikistan's parliament complex and a new city hall in the form of 'no strings aid.' The new buildings are expected to be completed in October 2023. At the start of 2022, Tajikistan owed 60% of its $3.3 billion outstanding debt to international creditors to EBC. The magnitude of the debt can be estimated from the fact that Sri Lanka, a country that has been in the news for its economic crisis, owes only 10 percent of its total foreign debt to China.

In 2009, Kazakhstan accepted a loan of US$10 billion from China. In exchange, it gave away access to its oil and gas sector. Half of the loan amount was provided by the Chinese Natural Petroleum Corporation. This deal gave the Chinese energy firms control over 15 percent of Kazakhstan's total oil output. In 2009, Turkmenistan borrowed US$4 billion from China in exchange for rights to exploit the South Yolotan gas fields.

According to the Kyrgyz foreign ministry, Kyrgyzstan's outstanding debt currently stands at $5.1 billion; out of this, 42 percent is owed to China. Kyrgyzstan's economy has been contracting, and the fears over the forfeiture of property are rising in case of failure of repayment of loans. The top officials, including the Prime Minister, have admitted that the Chinese agreements signed by the previous regime have conditions that allow China to forfeit assets to reimburse the loan amount. Sadyr Japrov, president of the New Kyrgyz Republic, said in an interview with the State News Agency on February 13, 2020, "Many of our assets are at risk if we don't make some of the loan payments on schedule. However, we will pay off all of our debts in time (and with God's help)." The plans to develop the Jetim-too iron ore mine have also been criticized. Concerns have been raised that the government may transfer mining rights to China in order to repay development debts. When Japarov was a presidential candidate, he proposed using these mines to pay off the Chinese debt. However, the National Bank of Kyrgyzstan has denied any plans to transfer ownership of the Jetim-too mines. In another scenario, the government may surrender partial management and mineral and mining rights.

Chinese loans have financed several pipelines and refineries in Turkmenistan, making China the largest customer of Turkmen gas. The development of the Galkynysh field in Turkmenistan-the world's second-largest gas field-has been aided by a loan of $4.1 billion from China. China is the most important participant in the Turkmen gas market. New pipelines constructed with Chinese funding have made Turkmenistan independent from Russia in its gas exports. Turkmenistan's dependence on China is limited to gas exports and credit obligations. China is the largest creditor to Turkmenistan. Even though the exact amount is a closely guarded secret, most experts agree that Turkmenistan must reimburse the gas at the going rate. China's loan-for-resources strategy is similar to the one it employed with Venezuela and Angola.. Given the high price volatility associated with gas prices, this may pose the risk of supplying more volumes of gas to repay the debt obligation.

The lack of transparency in these loans, and easy access to capital, increase the region's dependence on China without holding the ruling elites accountable. This poses limits on the political choices of the CARs. As their dependence on China increase, they are forced to toe the line along the Chinese requirements. Further, China has been demanding economic incentives for its firms, distorting the competition and growth of local firms. These countries must improve their prioritization and select their projects more cautiously to boost their spending efficiency. The region's politicians must give up the populist policies and focus on improving debt management. In 2021, a member of the Parliament of Kyrgyzstan urged the masses to take the initiative for the repayment of the external debt of the nation. A special account was planned to be opened to collect the amount. Besides these, governments had also opened separate accounts for people to

contribute to strengthening the economy of the country. However, these measures failed.

Sovereign debt has become one of the biggest challenges for Central Asian countries. Larger debt can restrict the development of human capital. Important domains such as health will suffer due to the high debt servicing charges. This poses a great threat to both the current and future generations.

Conclusion

Central Asian economies need better infrastructure for the growth of their economy and development of its people. Financial assistance and foreign investments are imperative to the growth of the region. However, landlocked geography and the precarious political situation does not present an attractive picture to the Western investors. Further, Western aid comes with a plethora of conditionalities, such as maintaining human rights records and austerity measures. Against this backdrop, the Chinese aid policy of 'non-interference' proves to be an attractive option for the Central Asian elites.

Development aid and concessional loans are the two most significant economic tools employed by Beijing in Central Asian Republics. The Chinese financial support has led to some growth in the economy of the Central Asian Republics. However, the lack of transparency in terms and conditions coupled with the environment of corruption in the Central Asian economies, financial assistance supports the rent-seeking tendency in the region. The financial viability of the projects is not taken into account, and this results in the problem of debt if the project fails to become profitable. It has caused the problem of mounting debts in the Central Asian economies such as Tajikistan and Kyrgyzstan. Rather than investing in the future of the nation, a significant portion of the revenue goes into debt servicing. The region is in dire need of structural economic reforms. In order to ensure sound fiscal public finances, the development of institutions working transparently is needed for these nations. The Republics need to adopt a cautious approach towards Chinese economic presence in the region. While China's financial support is crucial for the development of the infrastructure in the CARs. These countries need to focus better on financial risk management when choosing any financing project.

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